Raiffeisen Bank International
Member of RBI Group

First Quarter Report 2023

Overview

Raiffeisen Bank International (RBI)			
Monetary values in € million	2023	2022	Change
Income statement	**1/1-31/3**	**1/1-31/3**	
Net interest income	1,385	986	40.5 %
Net fee and commission income	966	683	41.3 %
General administrative expenses	(950)	(792)	19.9 %
Operating result	1,509	1,089	38.6 %
Impairment losses on financial assets	(301)	(319)	(5.8)%
Profit/loss before tax	877	508	72.4 %
Profit/loss after tax	700	458	53.0 %
Consolidated profit/loss	657	442	48.7 %
Statement of financial position	**31/3**	**31/12**	
Loans to banks	17,442	15,716	11.0 %
Loans to customers	105,336	103,230	2.0 %
Deposits from banks	35,005	33,641	4.1 %
Deposits from customers	124,776	125,099	(0.3)%
Equity	19,225	18,764	2.5 %
Total assets	210,977	207,057	1.9 %
Key figures	**1/1-31/3**	**1/1-31/3**	
Return on equity before tax	18.7 %	13.2 %	5.5 PP
Return on equity after tax	14.9 %	11.9 %	3.0 PP
Consolidated return on equity	15.8 %	13.2 %	2.6 PP
Cost/income ratio	38.6 %	42.1 %	(3.5) PP
Return on assets before tax	1.66 %	1.04 %	0.61 PP
Net interest margin (average interest-bearing assets)	2.75 %	2.21 %	0.54 PP
Provisioning ratio (average loans to customers)	0.93 %	0.97 %	(0.04) PP
Bank-specific information	**31/3**	**31/12**	
NPE ratio	1.5 %	1.6 %	(0.1) PP
NPE coverage ratio	58.2 %	59.0 %	(0.8) PP
Total risk-weighted assets (RWA)	98,592	97,680	0.9 %
Common equity tier 1 ratio[1]	16.0 %	16.0 %	0.0 PP
Tier 1 ratio[1]	17.7 %	17.7 %	0.0 PP
Total capital ratio[1]	20.2 %	20.2 %	0.0 PP
Stock data	**1/1-31/3**	**1/1-31/3**	
Earnings per share in €	1.92	1.27	50.5 %
Closing price in € (31/3)	14.16	12.95	9.3 %
High (closing prices) in €	17.18	28.42	(39.5)%
Low (closing prices) in €	12.82	10.98	16.8 %
Number of shares in million (31/3)	328.94	328.94	0.0 %
Market capitalization in € million (31/3)	4,658	4,260	9.3 %
Resources	**31/3**	**31/12**	
Employees as at reporting date (full-time equivalents)	44,705	44,414	0.7 %
Business outlets	1,597	1,664	(4.0)%
Customers in million	17.7	17.6	1.1 %

1 Transitional – including profit

In this report RBI denotes the RBI Group. If RBI AG is used it denotes Raiffeisen Bank International AG. Head office refers to Raiffeisen Bank International AG excluding branches.

Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are based on not rounded amounts. The ratios referenced in this report are defined in the consolidated financial statements under key figures.

Content

RBI in the capital markets

Performance of RBI stock

Capital market participants faced considerable challenges in 2022 due to the war and the effects resulting from it. The pressure on the stock and bond markets did not begin to slowly ease until the end of the year, at which point the prices of stocks began to recover and those of bonds began to stabilize. This positive trend continued at the start of the first quarter of 2023. It became clear that the prospective wintertime recession would probably be less severe than initially feared, business sentiment continued to improve, and energy and raw materials prices stopped their rapid climb for the time being and dropped again, by large margins in some cases.

Inflation began to decline slowly due to monetary actions taken by the central banks as well as base effects. The US Federal Reserve hiked its key lending rate 25 basis points two more times in the first quarter, while the ECB raised its policy rate 75 and 50 basis points. The latest interest rate hikes by the US Federal Reserve and the ECB by a further 25 basis points each took place at the beginning of may to 5.25 per cent (USA) and 3.75 per cent (Euro area) respectively However, it is also becoming clear that the pace of interest rate hikes is slowing. In March, the financial markets were unsettled by bailouts of two relatively large American banks and one Swiss institution. However, the causes were largely attributable to the firms' business models as well as management shortfalls, making it rather unlikely that contagion will spread to other banks in the euro area. Bank stocks were nonetheless generally affected and lost considerable ground. The euro moved within a comparatively narrow corridor against the US dollar in the first three months of the year, putting an initial end to the distinct weakness that it had demonstrated the previous year. These developments were largely determined by the narrowing interest rate differential between the euro and dollar areas.

RBI's share price started 2023 at € 15.35 and marked its year-to-date peak of € 17.18 in January. At the end of the quarter, it was trading at € 14.16, having lost 8 per cent in the first quarter. Despite the very good year-end result for 2022, problems at several banks and the still-unresolved situation regarding RBI's Russian business weighed on share price performance. The Austrian stock index (ATX) gained a slight 3 per cent compared to the start of the year, while the European bank index (Euro Stoxx Banks) rose 6 per cent.

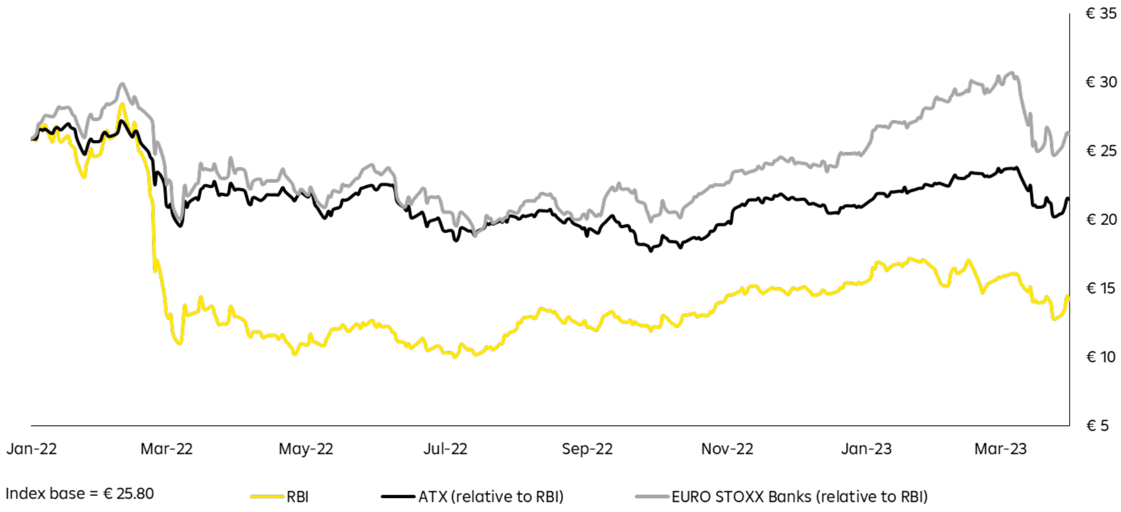
RBI's business activity in Russia

Since the outbreak of the war in Ukraine, RBI has worked intensively to assess all options for the future of Raiffeisenbank in Russia. In these options, up to and including an exit from Raiffeisenbank in Russia, the interests of all stakeholders must be examined. RBI and its stakeholders are in an unprecedented situation, and all are aware of the urgency for action which the war has created.

RBI has reduced some business activity in Russia and minimized the RBI Group's cross-border exposure to Russia. The market conditions for businesses in Russia are highly complex. The local and international laws and regulations governing the sale of businesses in Russia are subject to constant change. RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from the Group using four principles: the RBI Group's governance and compliance, the financial and non-financial value for the RBI Group, the management of spill-over effects to the RBI Group's network, and the ability to execute any process in an orderly manner.

RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from the Group. In all scenarios, even in the event of a complete deconsolidation of Raiffeisenbank without consideration, RBI's CET1 ratio will remain robust. All this is done in full compliance with local and international laws and regulations and in consultation with the relevant competent authorities. Meanwhile, business activities in Russia will be further reduced.

Price performance since 1 January 2022 compared to ATX and Euro Stoxx Banks



Capital market communication

Preliminary figures from the 2022 financial year were published on 1 February 2023. The RBI Management Board took this opportunity to hold a conference call with more than 450 participants. The Management Board explained the financials, discussing the situation in Russia and Ukraine and its potential impact on RBI in detail, and fielded additional questions from participants in the subsequent Q&A session. The annual financial report was published on 23 February.

RBI's investor relations activities aim to provide maximum transparency for capital market players through flexible and innovative information sessions. Investor Relations managers and other RBI representatives participated in multiple roadshows and conferences in London, Düsseldorf, Budapest, Frankfurt, Cologne, Madrid, Paris, Prague and Zurich. These activities were supplemented by a host of virtual events conducted via conference calls and web conferences. In addition, Investor Relations gave analysts and equity and debt investors the opportunity to individually talk to the CEO, CRO and Investor Relations by telephone or video conference. The discussions held with investors and analysts in the first quarter continued to focus on the situation in Ukraine and developments in Russia as well as their potential impact on RBI. Other topics included the impact of inflation and interest rate hikes on RBI's net interest income and credit portfolio, for example.

A total of 20 equity analysts and 22 debt analysts (as at 31 March 2023) regularly provide investment recommendations on RBI.

RBI continuously strives to keep market participants fully informed. In the interest of making its communications as easily accessible and widespread as possible, RBI makes conference call presentations and other important events available as online webcasts. These can be viewed online at www.rbinternational.com → Investors → Presentations & Webcasts.

Annual General Meeting

RBI's Annual General Meeting for the financial year 2022 was again held in Vienna on 30 March 2023 in a hybrid format that allowed shareholders to participate not only physically but also virtually once again. The Supervisory Board and the Management Board addressed the war and the situation in Ukraine in detail.

Due to the continuing uncertainties resulting from the war in Ukraine, it was proposed to the Annual General Meeting that the entire balance-sheet profit shall be carried forward. Considering the development of the capital ratios, regulatory requirements and the ongoing strategic considerations, the possibility of a subsequent dividend payment of up to EUR 0.80 per share for the financial year 2022 will be examined in the current financial year and, if necessary, the payment of a dividend will be submitted to a separate (extraordinary) shareholders' meeting for resolution. All proposed resolutions on the agenda were adopted by a large majority. Andrea Gaal was re-elected to the Supervisory Board of RBI until the close of the Annual General Meeting which will grant a discharge of the financial year 2027.

New issues

In January, RBI issued its first benchmark bond of the year, a senior preferred bond worth € 1.0 billion. The issue met with tremendous interest as demand rose to three times the supply within only a few hours. Since the issue was heavily oversubscribed, the final spread fell from the initial price guidance of 230 basis points over mid-swaps to 195 basis points over mid-swaps. The order book was high-quality and highly granular with more than 170 investors located in a large number of countries, primarily in Western Europe. The issue has a 4-year term, an annual coupon of 4.75 per cent and an A2 rating from Moody's.

In March, RBI issued a mortgage-backed benchmark bond with a nominal value of € 500 million, a term of 3 years and a coupon of 3.875 per cent. With an initial price guidance of 40 basis points over mid-swaps, this transaction experienced strong demand with an order book of € 1.4 billion and a final spread of 34 basis points over mid-swaps. The broad investor base came primarily from Germany, Austria and Scandinavia.

RBI rating

In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about current developments in its business. Currently, RBI continues to be rated by Moody's Investors Service and Standard & Poor's. The rating has remained unchanged since March 2022 despite the challenging environment.

Rating	Moody's Investors Service	Standard & Poor's
Long-term rating	A2	A-
Outlook	stable	negative
Short-term rating	P-1	A-2
Subordinated (Tier 2)	Baa2	BBB
Additional Tier 1	Ba2(hyb)	BB+
Public-sector covered bonds	Aa2	–
Mortgage covered bonds	Aa1	–

Shareholder structure

The regional Raiffeisen banks' holding was unchanged at approximately 58.8 per cent of RBI's shares, with the remaining 41.2 per cent in free float. The shareholder base is well diversified due to the broad geographic spread and various investment objectives.

Stock data and details

Share price (closing) on 31 March 2023	€ 14.16
Share price high/low (closing) in the first quarter 2023	€ 17.18/€ 12.82
Earnings per share from 1 January to 31 March 2023	€ 1.92
Book value per share as at 31 March 2023	€ 50.04
Market capitalization as at 31 March 2023	€ 4,658 million
Average daily trading volume (single count) in the first quarter 2023	585,865 shares
Free float as at 31 March 2023	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 March 2023	328,939,621

Finance calendar 2023

25 July 2023	Start of Quiet Period
1 August 2023	Semi-Annual Report, Conference Call
24 October 2023	Start of Quiet Period
3 November 2023	Third Quarter Report, Conference Call

Interim group management report

Market development

In many countries, the economy performed somewhat better in the 2022/23 winter half-year than initially forecast. Minor recessions had been predicted but were avoided in many cases. The economy is expected to enter an upturn by mid-2023 at the latest; however, this will likely only be a moderate upturn. Industrial supply shortages decreased significantly in the course of 2022 and should no longer constitute a significant negative factor in 2023. Monthly inflation peaked in late autumn and at the end of 2022 in many cases but should remain well above pre-pandemic levels on average over the year. This has created a stagflationary environment, particularly for Western European countries. A quick end to the war in Ukraine currently seems improbable. However, absent a further substantial military escalation, the war seems unlikely to have any additional negative implications for the economy in the eurozone or the CE/SEE countries. Downside risks to the economy from energy supply disruptions remain but are diminished. The possibility of (global) monetary tightening overshooting its target poses downside risks to the economy as well. Another potential source of risk is that individual sectors of the financial system are struggling to cope with higher interest rates that will be in place for an extended period of time.

In the **euro area**, survey indicators point to continued modest performance in the industrial sector and a pickup in activity in the service sector. With energy prices well below their peaks and no energy product shortages on the horizon, the risk of a severe downturn has ebbed. Economic activity is expected to increase only marginally in 2023. Although significant disinflation is expected in 2023, inflation excluding energy and food will remain well above the central bank target for a long time to come.

The **ECB** responded to the high inflation rate by implementing a series of significant key rates in quick succession. The central bank's next steps will depend on economic data and financial market conditions. Individual banks' problems do not augur an impending systemic crisis. Interest rate policy will thus be guided more by the inflation outlook. The ECB will likely slow the pace of its interest rate hikes but continue to raise key rates into the summer. It will also reduce excess central bank liquidity and whittle away at the bond holdings that it has built up over time.

In 2022, the **Austrian economy** recorded its fastest full-year growth rate since 1979 at 5.0 percent although this was entirely due to strong economic momentum in the first half of the year following the pandemic lockdowns. These easing effects diminished noticeably in the second half of the year, causing the Austrian economy to stagnate in the third and fourth quarters. Despite the GDP decline in the first quarter (-0.3 per cent p.q.) the winter half-year (Q4 2022/Q1 2023) was better than expected in late summer amid record-high energy prices. Although the full-year growth forecast for 2023 was raised from 0.5 to 0.9 percent, the expectation of only a moderate upturn starting around Q2 2023 has not changed. Private consumption and construction investment are likely to prove a drag on the economy this year, while net exports and investment in machinery and equipment should provide slight positive momentum.

Now that the slight economic slowdown in **Central Europe (CE)** expected for the winter half-year of 2022/23 is coming to an end, the region is expected to see a moderate recovery later in the year. Nevertheless, the slow start to the year is likely to significantly lower the full-year growth rate. GDP growth is thus expected to slow considerably to 0.6 per cent in 2023, down from 4.2 per cent in 2022. The negative effects of the war in Ukraine are hitting the industrial sector particularly hard. This has made the countries of the CE region highly economically vulnerable to other war-related downside risks since the industrial sector is very important to the overall economy. High inflation, depleted savings and higher interest rates should limit private consumption and investment. The gloomy global economic environment could put further pressure on industry and foreign trade as well.

The **Southeastern Europe (SEE)** region should fare comparatively well in 2023 since investment is less affected in this region than in other regions, and the services sector is more important than the harder-hit industrial sector. The relatively low dependence on energy imports in some countries (Romania, Albania, Serbia) should also limit their vulnerability to further downside risks from the war in Ukraine. The EU countries in the SEE region have also benefited from investments from the Next Generation EU program and funds from the EU's past financial framework. Nevertheless, the growth slowdown in the euro area will likely weigh on the economic outlook in SEE. GDP growth in the region is thus expected to slow to 2.5 per cent for all of 2023 (2022: 4.4 per cent).

As the war in **Ukraine** continues, the economic damage to the country grows even as future reconstruction costs rise. Although the fighting is confined to the eastern part of the country and the economy has adapted to wartime conditions thanks to bold government policies, the Ukrainian economy likely contracted 29.1 percent in 2022. An upswing is expected in 2023, depending on the further progress of the conflict, while large amounts of public and private funding will be needed to rebuild Ukraine after the war. The recent approval of a USD 15.6 billion IMF loan on 31 March is expected to support the recovery of the Ukrainian economy. In Russia, the effects of the war and sanctions are only gradually appearing in the economic data. The Russian economy will remain in recession in 2023 due to the war in Ukraine. International sanctions, mobilization efforts, an investment-hostile environment and deepening political and economic isolation will weigh on domestic activity and foreign trade. Elements of sanctions that have already been adopted and that also affect exports will only come into full effect in 2023. As a result, the recession in the Russian economy is likely to continue (down 2 per cent). The sanctions are also affecting Belarus, which will likely cause the country's economic output to stagnate in 2023, since support from the IT sector is weakening and inflation and the BYN's devaluation are affecting private consumption.

Annual real GDP growth in per cent compared to the previous year

Region/country	2021	2022	2023e	2024f
Czech Republic	3.5	2.4	0.9	3.3
Hungary	7.1	4.6	0.0	3.0
Poland	6.9	5.1	0.5	2.7
Slovakia	3.0	1.7	1.0	2.4
Central Europe	**5.9**	**4.2**	**0.6**	**2.8**
Albania	8.9	4.8	3.0	3.9
Bosnia and Herzegovina	7.4	4.0	1.5	3.0
Croatia	13.1	6.3	1.6	2.5
Kosovo	10.8	3.0	2.9	3.7
Romania	5.8	4.7	3.0	4.5
Serbia	7.5	2.4	1.9	3.0
Southeastern Europe	**7.4**	**4.4**	**2.5**	**3.9**
Belarus	2.3	(4.7)	0.0	1.0
Russia	5.6	(2.1)	(2.0)	0.9
Ukraine	3.4	(29.1)	1.8	7.5
Eastern Europe	**5.3**	**(4.7)**	**(1.7)**	**1.4**
Austria	**4.6**	**5.0**	**0.9**	**1.8**
Euro area	**5.3**	**3.5**	**0.3**	**2.0**

Source: Raiffeisen Research, as of end of April 2023, (e: estimate, f: forecast); subsequent revisions are possible for years already completed

Significant events in the reporting period

Update on business activity in Russia

Since the outbreak of the war in Ukraine, RBI has worked intensively in the interest of all stakeholders to assess all options for the future of Raiffeisenbank in Russia – up to and including an exit from Raiffeisenbank in Russia. RBI and its stakeholders are in an unprecedented situation, and recognize the urgency for action which the war has created.

RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from RBI, in full compliance with local and international laws and regulation and in consultation with the relevant competent authorities. Meanwhile, business activity in Russia will be further reduced.

However, Raiffeisenbank will maintain some banking operations in Russia to meet the conditions of its banking license, and support customers including those impacted by the reduction in business activity in Russia. RBI has a duty of care to employees in all markets where it operates. RBI has a responsibility to also preserve the integrity of its local operations in Russia, employing over 9,000 people.

The market conditions for businesses in Russia are highly complex. The local and international laws and regulations governing the sale of businesses in Russia are subject to constant change. RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from RBI using four principles: the group-wide governance and compliance, the financial and non-financial value for RBI, the management of spill-over effects to the entire network, and the ability to execute any process in an orderly manner.

Earnings and financial performance

The first three months of the current financial year continued to be characterized by well above-average inflation rates and increased interest rates, with higher interest rates likely to persist for some time. In contrast, energy supplies and supply chain bottlenecks showed signs of easing. Currencies presented a heterogeneous picture year-on-year: On average exchange rates, the Ukrainian hryvnia depreciated 22 per cent and the Hungarian forint 6 per cent, while the Russian ruble appreciated 16 per cent and the US dollar and the Czech koruna 4 per cent each.

Overall, consolidated profit increased a substantial 49 per cent year-on-year to € 657 million. Consolidated return on equity improved from 13.2 per cent to 15.8 per cent. Overall, core revenues increased € 682 million, or 41 per cent, to € 2,350 million, which made for a further improvement in the cost/income ratio to 38.6 per cent (previous year's period: 42.1 per cent). Net interest income increased € 399 million to € 1,385 million, mainly due to higher interest rates and strong loan growth in numerous Group countries. The € 155 million increase in net interest income in Russia was due to interest rate and currency effects; higher interest income from repo business and massively lower interest expenses for customer deposits substantially exceeded the sharp decline in interest income from customer business. The net interest margin reached 2.75 per cent in the reporting period, compared to 2.21 per cent in the comparable period. The € 282 million increase in net fee and commission income was mainly driven by Russia (€ 247 million), relating in particular to increased transactions in clearing, settlement and payment services and in foreign currency business on account of the geopolitical situation. Risk costs, at € 301 million, were slightly down on the previous year and mainly related to Russia (€ 280 million) and Ukraine (€ 28 million). Bank levies increased € 68 million, mainly due to the introduction in June 2022 of a special bank levy in Hungary.

Total assets have grown € 4 billion since the start of the year to € 211 billion. Currency effects, on the other hand, have made for a reduction of around € 1 billion. The Russian ruble depreciated 8 per cent and the US dollar 2 per cent, while the Hungarian forint and the Czech koruna appreciated 5 per cent and 3 per cent, respectively. Customer loans increased 2 per cent. Since the start of the war in February 2022, loan volumes in Russia have been reduced, with a year-on-year decline of 24 per cent; the € 0.9 billion, or 10 per cent, reduction in the first quarter of 2023 was supported by the depreciation of the Russian ruble. Customer deposits remained virtually unchanged relative to the year-end at € 125 billion.

Comparison of results with the previous-year period

in € million	1/1-31/3/2023	1/1-31/3/2022	Change	
Net interest income	1,385	986	399	40.5 %
Dividend income	11	5	6	134.5 %
Current income from investments in associates	30	18	12	70.0 %
Net fee and commission income	966	683	282	41.3 %
Net trading income and fair value result	86	184	(98)	(53.0)%
Net gains/losses from hedge accounting	(10)	(20)	11	(52.5)%
Sundry operating income	(9)	27	(35)	–
Operating income	**2,459**	**1,881**	**578**	**30.7 %**
Staff expenses	(562)	(430)	(132)	30.8 %
Other administrative expenses	(277)	(254)	(23)	8.9 %
Depreciation	(111)	(109)	(3)	2.7 %
General administrative expenses	**(950)**	**(792)**	**(158)**	**19.9 %**
Operating result	**1,509**	**1,089**	**420**	**38.6 %**
Other result	(96)	(102)	6	(6.0)%
Governmental measures and compulsory contributions	(236)	(159)	(76)	47.9 %
Impairment losses on financial assets	(301)	(319)	18	(5.8)%
Profit/loss before tax	**877**	**508**	**368**	**72.4 %**
Income taxes	(176)	(69)	(108)	156.7 %
Profit/loss after tax from continuing operations	**700**	**440**	**261**	**59.3 %**
Gains/losses from discontinued operations	0	18	(18)	–
Profit/loss after tax	**700**	**458**	**243**	**53.0 %**
Profit attributable to non-controlling interests	(43)	(16)	(27)	173.2 %
Consolidated profit/loss	**657**	**442**	**215**	**48.7 %**

Operating income

Net interest income increased € 399 million to € 1,385 million. The increases of € 56 million in Hungary, € 36 million in Romania, € 32 million at head office and € 19 million in Slovakia relate to strong loan growth and rising interest rates. Net interest income in Serbia increased € 37 million, primarily due to the integration of Crédit Agricole Srbija AD and higher interest income from loans both to retail and to corporate customers. In Ukraine, higher interest income from government certificates of deposit, from the money market business and from government bonds made for a € 25 million increase in net interest income. Net interest income in Russia increased € 155 million despite a 24 per cent decline in lending volumes. The increase was due to higher interest income from repo business, reduced interest expense due to lower interest rates on customer deposits and an appreciation of the Russian ruble.

Group average interest-bearing assets rose 13 per cent year-on-year, mainly as a result of the strong loan growth in numerous countries. The net interest margin improved 54 basis points to 2.75 per cent, which in addition to Eastern Europe was attributable to a 201 basis point increase in Serbia and a 180 basis point increase in Hungary.

The strong increase in net fee and commission income was driven as before by the geopolitical situation. Clearing, settlement and payment services recorded growth of € 150 million due to increased transactions with both corporate and retail customers in Russia and at head office. Foreign exchange business also increased € 60 million, primarily in the spot foreign exchange business in Russia. This was due to increased activity from both retail and corporate customers. Net income from securities business also developed positively, with the strongest growth of € 58 million in Russia. With the support of the currency appreciation in Russia, net fee and commission income consequently increased € 282 million to € 966 million. In addition to Russia, head office also recorded an increase, as did Ukraine, Serbia, Belarus and Hungary on a currency-adjusted basis.

Net trading income and fair value result declined € 98 million to € 86 million. The year-on-year decline was mainly due to the market turbulence in Russia and to the increase in the Group's own credit spread as a result of the Russian war of aggression against Ukraine in the comparable period of 2022. Net investment hedges (hedges of local currency equity holdings in subsidiaries) using forward foreign exchange contracts resulted in large positive valuation effects at head office due to the large interest rate differential, particularly between the euro and the Russian ruble, in the first quarter of the previous year. The decrease in the valuation result compared to the previous year as a result of this effect was € 89 million. Without this effect, net trading income at head office increased € 37 million to € 59 million, mainly due to increased net trading income relating to interest rate derivatives. Trading activities in Russia resulted in a € 57 million increase in net trading income to € 46 million. This mainly related to improved net income from foreign currency remeasurement and from trading activity with foreign currency derivatives and customer business with foreign currencies. In the certificates business, large valuation gains were recorded on certificate issues measured at fair value, mainly due to the sharp increase in the Group's own credit spread in the previous year. This year, in contrast, the Group's own spreads showed little change, remaining at broadly the same level as at the end of 2022. In consequence, the valuation result decreased € 76 million year-on-year to minus € 7 million. Investments in venture capital funds measured at fair value likewise showed valuation gains of € 13 million in the previous year; in the current year, these gains decreased to € 1 million.

Other net operating income decreased by € 35 million to minus € 9 million. This was mainly due to lower net income from the sale of debt securities (a loss of € 13 million, down € 11 million), mainly in Belarus. Other provisions of € 20 million were allocated in the reporting period, of which € 17 million related to pending legal cases in Russia.

General administrative expenses

General administrative expenses increased 20 per cent year-on-year, or € 158 million, to € 950 million. Significantly higher core revenues (up 41 per cent) made for a further year-on-year improvement in the cost/income ratio, from 42.1 per cent to 38.6 per cent. Staff expenses rose € 132 million to € 562 million, mainly in Russia (up € 113 million) due to higher salaries and social security costs, provisions for one-off payments and an increase in the workforce. The main drivers of the € 23 million rise in other administrative expenses were higher legal, advisory and consulting expenses and increased IT expenses at head office (up € 10 million). Other administrative expenses also increased in Hungary (up € 6 million) and in Poland (up € 4 million). Depreciation of tangible and intangible fixed assets increased 3 per cent, or € 3 million, to € 111 million.

The number of business outlets fell 178 year-on-year to 1,597. The largest decline resulted from the sale of the Bulgarian Group units (down 128) and from the war in Ukraine (down 61), while Serbia (up 71) recorded an increase in the number of business outlets due to acquisitions. The average headcount decreased 1,563 full-time equivalents year-on-year to 44,538, mainly due to the sale of the Bulgarian Group units (down 2,324). The largest increases were in Serbia (up 863; integration of Crédit Agricole Srbija AD in the second quarter of 2022), the Czech Republic (up 312), Romania (up 218) and Russia (up 201).

Other result

Other result amounted to minus € 96 million after minus € 102 million in the previous-year period. Expenses for credit-linked and portfolio-based litigation provisions and annulments of loan agreements had a negative effect totaling € 85 million (prior-year period: € 56 million). These mainly related to mortgage loans in Poland that are denominated in or linked to a foreign currency and resulted from parameter adjustments (number of cases, default rate) and from annulments of loan agreements. Furthermore, the measurement of shares in associated companies led to a minus of € 8 million in the reporting period, while impairments of € 33 million had been booked in the same period of the previous year due to less favorable economic conditions, mainly caused by the war in Ukraine.

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions increased by € 76 million to € 236 million. Bank levies increased € 68 million, mainly due to the introduction of a special bank levy in Hungary in June 2022. Contributions to the bank resolution fund increased by € 9 million, mainly at head office.

Impairment losses on financial assets

In the reporting period, risk costs across the Group amounted to € 301 million after € 319 million in the previous-year period. The sanctions imposed on Russia are reflected in the risk costs, as in the comparable period. Impairment losses of € 280 million were attributable to Russia in the reporting period (prior-year period: € 209 million), risk costs in Eastern Europe totaled € 306 million.

In Stage 1 and Stage 2, impairments of € 238 million net were recognized in the reporting period (prior-year period: € 284 million). € 174 million net was allocated for loans to non-financial corporations, € 27 million net for loans to households and € 14 million for loans to other financial corporations. In Russia, allocations to Stage 1 and Stage 2 amounted to € 223 million, in Ukraine allocations totaled € 14 million and in Slovakia € 12 million. The head office reported a net release of € 27 million, in particular due to the reduction of provisions for special risk factors caused by the reduction of Russian cross-border exposure and sanction risk portfolio. In the reporting period, impairments of € 63 million net (prior-year period: € 35 million net) were recognized for defaulted loans (Stage 3), of which € 40 million related to households, primarily in Russia (€ 28 million), in Ukraine, in the Czech Republic and in Slovakia (€ 5 million each). Loans to non-financial corporations accounted for € 21 million in total, Russia was responsible for € 25 million.

As at the reporting date, the NPE ratio was at 1.5 per cent, slightly below the comparable prior-year figure of 1.6 per cent, the NPE coverage ratio was at 58.2 per cent after 61.8 per cent in the prior-year period.

Income taxes

Income taxes increased € 108 million to € 176 million. This was mainly due to the significant increase in profit, particularly in the Eastern Europe segment (up € 77 million) and in the Southeastern Europe segment (up € 16 million). In Central Europe, the introduction of a special tax (windfall tax) in the Czech Republic (€ 8 million) was primarily responsible for the increase of € 10 million. At 20.1 per cent, the effective tax rate was below the current Austrian corporate tax rate of 24 per cent. The main drivers were the tax situation at head office (tax loss carryforwards) and a higher share of the pre-tax profit in countries with lower tax rates.

Gains/losses from discontinued operations

In the previous-year period, this item included the profit for the period of the Bulgarian group units held for sale.

Comparison of results with the previous quarter

Quarterly results

in € million	Q1/2022	Q2/2022	Q3/2022	Q4/2022	Q1/2023	Change	
Net interest income	986	1,214	1,392	1,462	1,385	(77)	(5.3)%
Dividend income	5	24	11	24	11	(14)	(56.1)%
Current income from investments in associates	18	16	21	8	30	21	254.6 %
Net fee and commission income	683	882	1,117	1,196	966	(231)	(19.3)%
Net trading income and fair value result	184	132	155	192	86	(105)	(54.9)%
Net gains/losses from hedge accounting	(20)	(16)	15	(20)	(10)	11	(52.5)%
Other net operating income	27	15	(12)	(1)	(9)	(8)	>500.0 %
Operating income	**1,881**	**2,269**	**2,700**	**2,861**	**2,459**	**(402)**	**(14.0)%**
Staff expenses	(430)	(464)	(538)	(578)	(562)	15	(2.7)%
Other administrative expenses	(254)	(277)	(273)	(278)	(277)	1	(0.4)%
Depreciation	(109)	(116)	(114)	(123)	(111)	12	(9.4)%
General administrative expenses	**(792)**	**(857)**	**(925)**	**(978)**	**(950)**	**28**	**(2.9)%**
Operating result	**1,089**	**1,412**	**1,775**	**1,882**	**1,509**	**(374)**	**(19.8)%**
Other result	(102)	(6)	(118)	(442)	(96)	346	(78.3)%
Governmental measures and compulsory contributions	(159)	(82)	(44)	(52)	(236)	(183)	349.4 %
Impairment losses on financial assets	(319)	(242)	(160)	(228)	(301)	(73)	31.8 %
Profit/loss before tax	**508**	**1,082**	**1,453**	**1,160**	**877**	**(283)**	**(24.4)%**
Income taxes	(69)	(223)	(297)	(270)	(176)	94	(34.8)%
Profit/loss after tax from continuing operations	**440**	**859**	**1,156**	**890**	**700**	**(189)**	**(21.3)%**
Gains/losses from discontinued operations	18	435	0	0	0	0	–
Profit/loss after tax	**458**	**1,294**	**1,156**	**890**	**700**	**(189)**	**(21.3)%**
Profit attributable to non-controlling interests	(16)	(24)	(67)	(64)	(43)	21	(32.3)%
Consolidated profit/loss	**442**	**1,270**	**1,089**	**826**	**657**	**(169)**	**(20.4)%**

Development of the first quarter of 2023 compared to the fourth quarter of 2022

Net interest income was down € 77 million year-on-year to € 1,385 million. At head office, net interest income declined € 16 million due to higher interest expenses as a consequence of increased market interest rates. In Ukraine, higher interest expenses for customer deposits also lowered net interest income € 10 million. The € 59 million decline in Russia was the result of the depreciation of the Russian ruble and shrinking credit volumes. Rising interest expenses for customer deposits in many of the Group's countries also affected the net interest margin, prompting a 10 basis point drop to 2.75 per cent.

Net fee and commission income reduced by 19 per cent, or € 231 million, to € 966 million, mainly driven by lower income from foreign exchange business in Russia. This decline of € 134 million was due to lower volumes and margins as well as currency depreciation. Net income from clearing, settlement and payment services also decreased € 49 million as a result of a seasonal decline in transactions primarily in Russia, the Czech Republic and Romania. Net income from securities business fell € 44 million in Russia as well.

Net trading income and fair value result shrank € 105 million to € 86 million. The decline was largely the result of net trading income in Russia, which decreased € 81 million to € 46 million. This, in turn, was primarily driven by strong customer demand for foreign currency transactions in the fourth quarter. Interest rate derivative trading also experienced a decline. Net trading income at head office rose € 52 million to € 59 million, which was mainly attributable to positive net trading income with interest rate derivatives. Currency-related valuation effects decreased € 38 million in total, particularly in the Czech Republic, Hungary and Romania. In the certificates business, valuation gains on certificate issues measured at fair value fell € 37 million quarter-on-quarter, partly due to changes in risk premiums for RBI.

General administrative expenses were down € 28 million quarter-on-quarter to € 950 million. Staff expenses dropped € 15 million to € 562 million, other administrative expenses fell € 1 million to € 277 million, and depreciation declined € 12 million to € 111 million. The declines occurred mainly because the fourth quarter had seasonally higher advertising expenses (down € 21 million) and staff expenses (down € 15 million). These decreases were offset by increases in IT expenses (up € 16 million) and legal, advisory and consulting expenses (up € 5 million) that primarily happened at head office.

Other result improved to minus € 96 million from minus € 442 million in the previous quarter. This was mainly due to expenses for credit-linked and portfolio-based litigation provisions and annulments of loan agreements, which totaled € 85 million in the first quarter of 2023 after € 323 million in the fourth quarter of 2022. These mainly affected the mortgage loan portfolio in Poland and resulted from parameter adjustments (number of cases, default rate) in the model calculation and annulments of loan agreements (first quarter of 2023: € 86 million; fourth quarter of 2022: € 319 million). The fourth quarter was also impacted by impairments on non-financial assets totaling € 83 million, of which € 68 million related to goodwill impairments of a Czech (€ 60 million) and a Serbian Group unit (€ 8 million) and on investments in subsidiaries and companies valued at equity (first quarter of 2023: minus € 8 million; fourth quarter of 2022: minus € 28 million).

Governmental measures and compulsory contributions amounted to € 236 million in the first quarter compared to € 52 million in the fourth quarter as these have to be booked largely in their entirety in the first quarter in accordance with the underlying regulation (IFRIC 21). The other compulsory contributions (fourth quarter: € 19 million) primarily comprised contributions to the state borrowers' support fund in Poland.

At € 301 million, impairment losses on financial assets were € 73 million higher in the first quarter than in the fourth quarter (€ 228 million). The impairments for the Eastern Europe region of € 306 million in the first quarter after € 174 million in the fourth quarter related primarily to Russia as a result of further sanctions imposed on customers in the current financial year.

Statement of financial position

Total assets have increased by around € 4 billion since the beginning of the year, with the effects of currency developments resulting in a minus of about € 1 billion. The depreciation of the Russian ruble by 8 per cent, the Belarusian ruble by 6 per cent and the US dollar and the Ukrainian hryvnia by 2 per cent each contrasted with the appreciation of the Hungarian forint by 5 per cent and the Czech koruna by 3 per cent.

Assets

in € million	31/3/2022	30/6/2022	30/9/2022	31/12/2022	31/3/2023	Change year-to-date	
Loans to banks	13,314	17,000	17,699	15,716	17,442	1,726	11.0 %
Loans to customers	101,966	107,700	109,066	103,230	105,336	2,106	2.0 %
hereof non-financial corporations	51,097	52,132	52,758	48,829	48,939	110	0.2 %
hereof households	38,348	41,541	42,010	40,867	40,806	(62)	(0.2)%
Securities	22,831	23,520	23,882	23,711	26,281	2,570	10.8 %
Cash and other assets	54,513	65,979	69,188	64,401	61,919	(2,482)	(3.9)%
Total	**192,624**	**214,200**	**219,834**	**207,057**	**210,977**	**3,919**	**1.9 %**

The increase in loans to banks resulted primarily from a higher volume of repo transactions in the Czech Republic and Russia, and in Russia also from higher short-term deposits at the national bank. On the other hand, there were declines in Hungary, mainly due to lower short-term deposits at the national bank (liquidity management).

Loans to customers increased compared to year-end in almost all Group countries, with the exception of Eastern Europe. The largest increases overall were recorded at head office with € 2,016 million, above all in repo transactions with other financial corporations. In the Czech Republic, an increase of € 637 million or 4 per cent was recorded, which was partly currency driven and mainly related to non-financial corporations and households. In Romania, the loan volume rose by € 354 million or 4 per cent, mainly in the area of non-financial corporations. In Russia, loan volumes continued to decline by € 909 million, down 24 per cent year-on-year, although this was also amplified by the depreciation of the Russian ruble.

The rise in securities was primarily due to investments at head office (plus € 1,476 million), in the Czech Republic (plus € 625 million) and in Hungary (plus € 411 million), especially in government bonds.

The € 2,172 million decrease in cash balances was mainly due to central bank balances at head office. The positive market values of derivatives reported under other assets, primarily interest rate derivatives at head office, sank € 572 million due to valuation and volume-related changes.

Equity and liabilities

in € million	31/3/2022	30/6/2022	30/9/2022	31/12/2022	31/3/2023	Change year-to-date	
Deposits from banks	34,575	37,293	40,769	33,641	35,005	1,364	4.1 %
Deposits from customers	113,652	131,283	129,786	125,099	124,776	(323)	(0.3)%
hereof non-financial corporations	44,311	54,019	53,502	50,042	49,850	(192)	(0.4)%
hereof households	55,016	60,806	60,108	58,876	59,234	358	0.6 %
Debt securities issued and other liabilities	28,585	27,568	29,893	29,554	31,971	2,418	8.2 %
Equity	15,812	18,056	19,385	18,764	19,225	461	2.5 %
Total	**192,624**	**214,200**	**219,834**	**207,057**	**210,977**	**3,919**	**1.9 %**

The Group's funding volume from banks has increased since the beginning of the year, particularly due to short-term deposits at head office.

Liabilities to customers were only slightly below the deposit volume at year-end. A significant decline of € 2,311 million at head office - reduced volume of money market transactions and lower short-term deposits from non-financial corporations – was offset by a growth in the Czech Republic (up € 1,384 million), mainly resulting from households and governments, and in Romania (up € 450 million), mainly from non-financial corporations.The increase in Russia of € 638 million was primarily due to short-term deposits from non-financial corporations.

Debt securities issued rose € 2,864 million. In the reporting period, a € 1.0 billion senior preferred note and € 500 million mortgage covered note were issued by head office, also covered and MREL eligible notes were issued in the Czech Republic and in Slovakia. The negative market values of derivatives reported under other liabilities, primarily interest rate derivatives at head office, fell € 559 million due to valuation and volume-related changes.

Liquidity and funding

Since the beginning of the war in Ukraine, RBI has had a strong liquidity position, despite increased deposit withdrawals initially followed by a recovery. As at 31 March 2023, the liquidity coverage ratio was at 219 per cent (31 December 2022: 202 per cent) compared to a regulatory limit of 100 per cent, the structural liquidity ratio (NSFR) was at 137 per cent (31 December 2022: 135 per cent).

Group funding is based on a strong base of customer deposits – primarily retail business in Central and Eastern Europe – and is supplemented by wholesale funding - mainly through RBI AG and subsidiary banks. In addition to funding from the regional Raiffeisen banks, financing loans from third parties and interbank loans with third-party banks are also used. The loan/deposit ratio amounted to 82.3 per cent (31 December 2022: 82.4 per cent).

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 461 million from the start of the year to € 19,225 million.

Total comprehensive income of € 480 million comprised profit after tax of € 700 million and other comprehensive income of minus € 220 million. In particular, currency movements of minus € 259 million had a negative impact on other comprehensive income. Above all the 8 per cent depreciation of the Russian ruble resulted in a negative contribution of € 326 million. In addition, the depreciation of the Belarusian ruble by 6 per cent contributed € 31 million to the negative result of the currency movements. This was partly offset by positive contributions from the Czech koruna (3 per cent appreciation) of € 70 million and the Hungarian forint (5 per cent appreciation) of € 48 million.

Total capital pursuant to the CRR/Austrian Banking Act (BWG)

Common equity tier 1 (CET1) after deductions amounted to € 15,792 million, representing an increase of € 149 million compared to the 2022 year-end figure. The main driver for the increase was the inclusion of the result for the period after deducting any dividends. This contrasted with negative foreign exchange effects.

Tier 1 capital after deductions rose € 158 million to € 17,477 million, primarily as a result of the effects in CET1. Tier 2 capital increased slightly by € 8 million to € 2,391 million due to the rise in eligible IRB surplus, partially offset by regulatory maturing of outstanding instruments. Total capital amounted to € 19,867 million, representing an increase of € 166 million compared to the year-end 2022.

Total risk-weighted assets (RWA) increased by € 912 million to € 98,592 million compared to 2022 year-end. The main drivers for the increase in credit risk were organic growth and inorganic effects, mainly due to higher risk weighting of government debt securities, provided that these are denominated and funded in the national currency of another member state (Article 500a CRR). In contrast, RWAs declined due to currency depreciation, which impacted both credit and market risk.

Including the result for the period, the following ratios remained unchanged compared to year-end: CET1 ratio (transitional) of 16.0 per cent, a tier 1 ratio (transitional) of 17.7 per cent and a total capital ratio (transitional) of 20.2 per cent. The capital ratios based on the full application of all CRR criteria (fully loaded) are 15.7 per cent (CET1 ratio), 17.4 per cent (tier 1 ratio) and 20.1 per cent (total capital ratio).

Risk management

For information on risk management, please refer to the risk report in the interim consolidated financial statements.

Outlook

The following guidance refers to RBI excluding Russia and Belarus, whereas the corresponding figures in brackets refer to the existing footprint. RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from RBI.

In 2023, net interest income is expected between € 3.6 and € 3.7 billion (€ 5.3 and € 5.4 billion) and net fee and commission income around € 1.7 billion (between € 3.2 and € 3.4 billion).

We expect customer loan growth to increase by around 2 per cent (~0 per cent).

We expect general administrative expenses around € 3 billion (around € 3.8 billion), resulting in a cost/income ratio between 51 and 53 per cent (41 and 43 per cent).

The provisioning ratio – before use of overlays – is expected to be around 60 basis points (up to 90 basis points).

The consolidated return on equity is expected to be around 10 per cent (around 17 per cent) in 2023.

At year-end 2023 we expect a CET1 ratio above 13.5 per cent* (above 16 per cent).

Any decision on dividends will be based on the capital position of the Group excluding Russia.

Medium term return on equity and payout ratio targets are suspended due to current uncertainties in Eastern Europe.

* In a 'P/B Zero' Russia deconsolidation scenario.

Segment and country analysis

Segment reporting at RBI is based on the current organizational structure pursuant to IFRS 8. A cash generating unit within the Group is a country. For further information on segmentation, please refer to the chapter segment reporting in the interim consolidated financial statements as well as the RBI website (www.rbinternational.com → Investors → Reports).

Central Europe

in € million	1/1-31/3/2023	1/1-31/3/2022	Change	Q1/2023	Q4/2022	Change
Net interest income	367	307	19.4 %	367	356	3.0 %
Dividend income	2	0	>500.0%	2	0	–
Current income from investments in associates	(1)	1	–	(1)	0	124.2 %
Net fee and commission income	141	139	1.4 %	141	151	(6.5)%
Net trading income and fair value result	(8)	(1)	>500.0%	(8)	31	–
Net gains/losses from hedge accounting	(3)	(1)	114.5 %	(3)	(11)	(71.8)%
Other net operating income	5	7	(30.7)%	5	45	(88.4)%
Operating income	**503**	**453**	**11.2 %**	**503**	**572**	**(11.9)%**
General administrative expenses	(236)	(215)	9.7 %	(236)	(250)	(5.4)%
Operating result	**267**	**237**	**12.5 %**	**267**	**322**	**(17.1)%**
Other result	(86)	(53)	62.5 %	(86)	(332)	(74.1)%
Governmental measures and compulsory contributions	(121)	(59)	106.5 %	(121)	(21)	479.6 %
Impairment losses on financial assets	(12)	(24)	(49.2)%	(12)	3	–
Profit/loss before tax	**48**	**102**	**(53.0)%**	**48**	**(27)**	**–**
Income taxes	(38)	(28)	36.9 %	(38)	(46)	(16.3)%
Profit/loss after tax	**9**	**74**	**(87.2)%**	**9**	**(73)**	**–**
Return on equity before tax	4.5 %	10.6 %	(6.1) PP	4.5 %	–	–
Return on equity after tax	0.9 %	7.6 %	(6.8) PP	0.9 %	–	–
Net interest margin (average interest-bearing assets)	2.32 %	2.13 %	0.19 PP	2.32 %	2.39 %	(0.07) PP
Cost/income ratio	46.9 %	47.6 %	(0.6) PP	46.9 %	43.7 %	3.3 PP

The year-on-year decrease in profit after tax mainly reflected higher expenses for governmental measures and compulsory contributions (up € 63 million) due to the introduction of a special bank levy in Hungary. Expenses of € 86 million (comparable period: € 54 million) for credit-linked, portfolio-based litigation in Poland resulting from parameter adjustments in the model calculation and expenses for loan agreement annulments in Poland also had a negative impact. General administrative expenses were up € 21 million, notably in Hungary (up € 10 million) and Slovakia (up € 6 million) primarily as a result of higher staff expenses. The increase of € 51 million in operating income was attributable above all to the positive trend in net interest income related to higher market interest rates and loan volumes in Hungary (up € 56 million) and Slovakia (up € 19 million). The Czech Republic reported a decrease of € 13 million due to higher interest income from repo business and customer loans that were exceeded by rising interest expenses for customer deposits of households and for newly issued debt securities. Net releases in Hungary resulting from improved general conditions were responsible for the decline in risk costs. The increase in income taxes was primarily attributable to the newly introduced tax on windfall profits in the Czech Republic (€ 8 million).

in € million	Poland 1/1-31/3/2023	Poland 1/1-31/3/2022	Slovakia 1/1-31/3/2023	Slovakia 1/1-31/3/2022
Net interest income	0	3	91	71
Dividend income	0	0	0	0
Current income from investments in associates	0	0	(1)	1
Net fee and commission income	0	1	46	45
Net trading income and fair value result	0	0	4	1
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	0	(1)	0	1
Operating income	**0**	**2**	**140**	**119**
General administrative expenses	(13)	(8)	(64)	(58)
Operating result	**(13)**	**(6)**	**76**	**61**
Other result	(86)	(54)	0	0
Governmental measures and compulsory contributions	(1)	(1)	(8)	(11)
Impairment losses on financial assets	5	(3)	(15)	(7)
Profit/loss before tax	**(95)**	**(64)**	**53**	**44**
Income taxes	0	0	(12)	(9)
Profit/loss after tax	**(95)**	**(64)**	**41**	**35**

in € million	Czech Republic 1/1-31/3/2023	Czech Republic 1/1-31/3/2022	Hungary 1/1-31/3/2023	Hungary 1/1-31/3/2022
Net interest income	153	166	123	67
Dividend income	2	0	0	0
Net fee and commission income	48	49	47	45
Net trading income and fair value result	(5)	(3)	(7)	2
Net gains/losses from hedge accounting	(1)	(2)	(2)	1
Other net operating income	4	5	1	2
Operating income	**201**	**215**	**162**	**117**
General administrative expenses	(98)	(98)	(61)	(51)
Operating result	**104**	**117**	**100**	**66**
Other result	0	0	0	0
Governmental measures and compulsory contributions	(26)	(24)	(86)	(23)
Impairment losses on financial assets	(9)	(11)	7	(3)
Profit/loss before tax	**69**	**82**	**22**	**40**
Income taxes	(20)	(15)	(6)	(5)
Profit/loss after tax	**48**	**67**	**15**	**35**

Southeastern Europe

in € million	1/1-31/3/2023	1/1-31/3/2022	Change	Q1/2023	Q4/2022	Change
Net interest income	299	196	52.3 %	299	279	7.1 %
Dividend income	0	0	>500.0%	0	2	(86.7)%
Net fee and commission income	105	97	7.7 %	105	114	(7.8)%
Net trading income and fair value result	9	(3)	–	9	13	(28.6)%
Net gains/losses from hedge accounting	0	0	1.2 %	0	0	(23.3)%
Other net operating income	2	9	(81.7)%	2	(19)	–
Operating income	**415**	**299**	**38.7 %**	**415**	**390**	**6.5 %**
General administrative expenses	(175)	(148)	18.3 %	(175)	(218)	(20.0)%
Operating result	**241**	**152**	**58.7 %**	**241**	**171**	**40.4 %**
Other result	0	(1)	–	0	(9)	–
Governmental measures and compulsory contributions	(20)	(22)	(8.2)%	(20)	(6)	229.6 %
Impairment losses on financial assets	0	(16)	–	0	(31)	–
Profit/loss before tax	**221**	**113**	**96.2 %**	**221**	**125**	**76.4 %**
Income taxes	(33)	(17)	97.0 %	(33)	(17)	102.9 %
Profit/loss after tax from continuing operations	**187**	**96**	**96.1 %**	**187**	**109**	**72.4 %**
Gains/losses from discontinued operations	0	15	–	0	0	–
Profit/loss after tax	**187**	**111**	**68.9 %**	**187**	**109**	**72.4 %**
Return on equity before tax	28.4 %	13.3 %	15.2 PP	28.4 %	16.1 %	12.3 PP
Return on equity after tax	24.1 %	13.1 %	11.1 PP	24.1 %	14.0 %	10.1 PP
Net interest margin (average interest-bearing assets)	4.07 %	3.08 %	1.00 PP	4.07 %	3.84 %	0.23 PP
Cost/income ratio	42.1 %	49.3 %	(7.3) PP	42.1 %	56.0 %	(14.0) PP

As of 1 April 2022, Crédit Agricole Srbija AD was consolidated for the first time. The profit for the period of the Bulgarian group units held for sale was reported under gains/losses from discontinued operations in the first quarter of 2022.

The increase in profit after tax from continuing operations was driven by a significant improvement in core revenues (up € 110 million), especially net interest income. Net interest income rose € 103 million, mostly in Romania (up € 36 million) as a result of higher market interest rates and loan volume growth, above all in corporate customer business, and in Serbia (up € 37 million), primarily due to the integration of Crédit Agricole Srbija AD and higher interest income from loans both to retail and to corporate customers. An organic and acquisition-driven increase in transactions in clearing, payments and settlements in Serbia was largely responsible for the € 7 million rise in net fee and commission income. Net trading income and fair value result improved from minus € 3 million in the comparable period of the previous year to plus € 9 million due to gains on loans and debt securities recognized at fair value in Croatia and Romania and foreign currency valuation effects that more than offset the valuation losses on derivatives in Croatia and Serbia. General administrative expenses were up in all of the segment's countries. The largest increases were reported in staff expenses (up € 17 million), above all in Serbia, and related mainly to higher headcounts and the acquisition. In Romania, higher headcounts and performance-related increases were responsible for the rise. The main drivers of the € 7 million rise in other administrative expenses were increases in IT, office space and communication expenses. There was a significant improvement in risk costs, with a slight net release in the reporting period, while the prior-year period had been burdened with € 16 million. This positive trend was evident primarily in Romania and Albania, while risk costs rose in Croatia, above all for households, due to the current macroeconomic data that was taken into account. Income taxes were up € 16 million to € 33 million due to higher profit. The effective tax rate remained unchanged at 15 per cent.

in € million	Albania 1/1-31/3/2023	Albania 1/1-31/3/2022	Bosnia and Herzegovina 1/1-31/3/2023	Bosnia and Herzegovina 1/1-31/3/2022	Kosovo 1/1-31/3/2023	Kosovo 1/1-31/3/2022
Net interest income	25	16	19	15	15	12
Dividend income	0	0	0	0	0	0
Net fee and commission income	4	4	13	13	4	3
Net trading income and fair value result	0	2	0	0	0	0
Other net operating income	0	0	0	0	1	0
Operating income	**29**	**22**	**33**	**28**	**21**	**16**
General administrative expenses	(12)	(10)	(14)	(13)	(9)	(8)
Operating result	**18**	**12**	**19**	**15**	**11**	**8**
Other result	0	0	0	0	0	0
Governmental measures and compulsory contributions	(3)	(2)	(1)	(1)	0	0
Impairment losses on financial assets	6	0	(2)	(7)	(1)	(1)
Profit/loss before tax	**21**	**9**	**15**	**7**	**10**	**6**
Income taxes	(3)	(1)	(1)	(1)	(1)	(1)
Profit/loss after tax	**18**	**8**	**14**	**7**	**9**	**6**

in € million	Croatia 1/1-31/3/2023	Croatia 1/1-31/3/2022	Romania 1/1-31/3/2023	Romania 1/1-31/3/2022	Serbia 1/1-31/3/2023	Serbia 1/1-31/3/2022
Net interest income	41	27	140	105	59	22
Dividend income	0	0	0	0	0	0
Net fee and commission income	18	20	41	41	25	15
Net trading income and fair value result	1	(4)	4	(3)	3	1
Other net operating income	(2)	4	1	2	1	2
Operating income	**58**	**48**	**186**	**144**	**89**	**41**
General administrative expenses	(30)	(28)	(80)	(70)	(29)	(19)
Operating result	**28**	**20**	**106**	**74**	**59**	**22**
Other result	1	0	(1)	(1)	0	0
Governmental measures and compulsory contributions	(2)	(1)	(10)	(14)	(3)	(2)
Impairment losses on financial assets	(8)	(3)	8	(4)	(3)	(1)
Profit/loss before tax	**19**	**15**	**102**	**55**	**53**	**19**
Income taxes	(3)	(3)	(17)	(9)	(8)	(2)
Profit/loss after tax	**16**	**13**	**85**	**45**	**46**	**17**

Eastern Europe

in € million	1/1-31/3/2023	1/1-31/3/2022	Change	Q1/2023	Q4/2022	Change
Net interest income	504	325	55.0 %	504	578	(12.9)%
Dividend income	0	0	–	0	0	–
Current income from investments in associates	1	1	3.0 %	1	0	279.0 %
Net fee and commission income	549	286	91.7 %	549	765	(28.2)%
Net trading income and fair value result	66	10	>500.0%	66	145	(54.7)%
Net gains/losses from hedge accounting	(1)	(15)	(94.5)%	(1)	(6)	(87.5)%
Other net operating income	(33)	(1)	>500.0%	(33)	(33)	2.8 %
Operating income	**1,085**	**606**	**79.0 %**	**1,085**	**1,449**	**(25.1)%**
General administrative expenses	(280)	(176)	59.2 %	(280)	(290)	(3.4)%
Operating result	**805**	**430**	**87.1 %**	**805**	**1,159**	**(30.5)%**
Other result	(5)	(1)	>500.0%	(5)	(2)	152.7 %
Governmental measures and compulsory contributions	(16)	(14)	16.2 %	(16)	(17)	(3.2)%
Impairment losses on financial assets	(306)	(316)	(3.2)%	(306)	(174)	75.8 %
Profit/loss before tax	**478**	**100**	**379.5 %**	**478**	**966**	**(50.5)%**
Income taxes	(100)	(22)	345.8 %	(100)	(220)	(54.7)%
Profit/loss after tax	**378**	**77**	**389.3 %**	**378**	**746**	**(49.3)%**
Return on equity before tax	50.9 %	16.3 %	34.6 PP	50.9 %	119.3 %	(68.4) PP
Return on equity after tax	40.3 %	12.6 %	27.6 PP	40.3 %	92.1 %	(51.8) PP
Net interest margin (average interest-bearing assets)	6.39 %	5.67 %	0.73 PP	6.39 %	6.87 %	(0.48) PP
Cost/income ratio	25.8 %	29.0 %	(3.2) PP	25.8 %	20.0 %	5.8 PP

Net interest income was up € 179 million to € 504 million. In Russia, net interest income increased € 155 million despite a 24 per cent decline in loan volumes. This development resulted from higher interest income from repo business, a decline in interest expenses due to lower rates for customer deposits and the appreciation of the Russian ruble. In Ukraine, higher interest income from sovereign certificates of deposits, money-market business and sovereign bonds led to a rise of € 25 million in net interest income. Net fee and commission income grew supported by currency appreciation in Russia and Belarus, and was still driven by the geopolitical situation. It rose sharply especially in Russia as a result of an increase in transactions in clearing, settlement and payment services, which led to a rise of € 98 million. Driven by higher volumes, net fee and commission income from foreign exchange business was up € 68 million and net income from securities business rose € 58 million. An improved result from foreign currency revaluations, trading in foreign currency derivatives and customers' foreign currency transactions were responsible for the significant increase in net trading income and fair value result, mostly in Russia. General administrative expenses rose as a result of higher wages and social security costs, provisions for one-off payments and the higher headcount. The year-on-year increase in income taxes primarily reflected considerably improved results, especially in Russia and Ukraine. Risk costs in the reporting period amounted to € 306 million (previous-year period: € 316 million), of which € 280 million was recognized in Russia and € 28 million in Ukraine. The allocations for Stage 1 and Stage 2 totaled € 223 million in Russia and € 14 million in Ukraine.

in € million	Belarus 1/1-31/3/2023	Belarus 1/1-31/3/2022	Russia 1/1-31/3/2023	Russia 1/1-31/3/2022	Ukraine 1/1-31/3/2023	Ukraine 1/1-31/3/2022
Net interest income	27	28	377	222	101	75
Dividend income	0	0	0	0	0	0
Current income from investments in associates	0	0	1	1	0	0
Net fee and commission income	30	23	496	249	24	14
Net trading income and fair value result	8	10	46	(12)	12	11
Net gains/losses from hedge accounting	0	0	(1)	(15)	0	0
Other net operating income	(15)	0	(18)	(2)	(1)	0
Operating income	**49**	**61**	**900**	**444**	**135**	**101**
General administrative expenses	(19)	(16)	(220)	(107)	(42)	(53)
Operating result	**31**	**45**	**681**	**337**	**94**	**48**
Other result	0	0	(7)	0	2	(1)
Governmental measures and compulsory contributions	0	(1)	(13)	(11)	(3)	(2)
Impairment losses on financial assets	2	(14)	(280)	(209)	(28)	(92)
Profit/loss before tax	**32**	**30**	**381**	**117**	**65**	**(48)**
Income taxes	(8)	(7)	(80)	(22)	(11)	7
Profit/loss after tax	**24**	**23**	**301**	**96**	**53**	**(41)**

Group Corporates & Markets

in € million	1/1-31/3/2023	1/1-31/3/2022	Change	Q1/2023	Q4/2022	Change
Net interest income	226	148	52.1 %	226	228	(1.1)%
Dividend income	2	0	441.9 %	2	0	>500.0%
Current income from investments in associates	4	0	–	4	3	30.5 %
Net fee and commission income	158	150	5.1 %	158	166	(4.7)%
Net trading income and fair value result	57	24	138.8 %	57	46	23.2 %
Net gains/losses from hedge accounting	(4)	(5)	(22.0)%	(4)	(5)	(22.1)%
Other net operating income	29	29	(0.1)%	29	27	10.3 %
Operating income	**472**	**346**	**36.1 %**	**472**	**464**	**1.6 %**
General administrative expenses	(199)	(180)	10.8 %	(199)	(207)	(3.7)%
Operating result	**272**	**167**	**63.5 %**	**272**	**258**	**5.8 %**
Other result	1	1	8.2 %	1	(1)	–
Governmental measures and compulsory contributions	(25)	(17)	47.1 %	(25)	(13)	89.3 %
Impairment losses on financial assets	15	39	(62.1)%	15	(26)	–
Profit/loss before tax	**263**	**190**	**38.9 %**	**263**	**216**	**21.7 %**
Income taxes	(58)	(50)	16.4 %	(58)	(55)	5.3 %
Profit/loss after tax	**206**	**140**	**47.0 %**	**206**	**162**	**27.3 %**
Return on equity before tax	27.8 %	19.8 %	8.0 PP	27.8 %	22.4 %	5.4 PP
Return on equity after tax	21.7 %	14.6 %	7.1 PP	21.7 %	16.7 %	5.0 PP
Net interest margin (average interest-bearing assets)	1.43 %	1.05 %	0.37 PP	1.43 %	1.39 %	0.03 PP
Cost/income ratio	42.2 %	51.9 %	(9.7) PP	42.2 %	44.5 %	(2.3) PP

The year-on-year increase in profit after tax was driven mainly by the rise of € 77 million in net interest income and the improvement of € 33 million in net trading income and fair value result. The € 77 million rise in net interest income was mostly due to higher interest income from customer deposits (cash management, money market deposits) at head office. The € 33 million increase in net trading income and fair value result originated from head office, and was primarily attributable to a rise in net trading income in connection with interest rate derivatives. In contrast, general administrative expenses were up, mainly due to increased other administrative expenses at head office. The net release of impairment losses on financial assets in the reporting period reflected above all the release of provisions for special risk factors due to the reduction in Russian cross-border exposure and the sanction risk portfolio at head office. In the comparable period of the previous year, the net release of provisions related to non-financial corporations, especially in the real estate and hotel sectors, and other financial corporations at head office.

Corporate Center

in € million	1/1-31/3/2023	1/1-31/3/2022	Change	Q1/2023	Q4/2022	Change
Net interest income	(14)	(4)	274.6 %	(14)	1	–
Dividend income	105	45	134.7 %	105	168	(37.3)%
Current income from investments in associates	26	16	59.7 %	26	6	364.5 %
Net fee and commission income	14	16	(12.8)%	14	4	211.8 %
Net trading income and fair value result	(43)	96	–	(43)	(65)	(34.7)%
Net gains/losses from hedge accounting	(2)	(1)	41.6 %	(2)	(1)	231.4 %
Other net operating income	24	16	52.8 %	24	38	(36.3)%
Operating income	**110**	**183**	**(39.7)%**	**110**	**151**	**(26.8)%**
General administrative expenses	(95)	(104)	(8.1)%	(95)	(73)	30.1 %
Operating result	**15**	**79**	**(80.9)%**	**15**	**77**	**(80.5)%**
Other result	(7)	(34)	(79.1)%	(7)	(100)	(92.9)%
Governmental measures and compulsory contributions	(53)	(48)	11.0 %	(53)	5	–
Impairment losses on financial assets	11	(16)	–	11	(5)	–
Profit/loss before tax	**(34)**	**(19)**	**82.4 %**	**(34)**	**(23)**	**47.3 %**
Income taxes	57	46	23.7 %	57	66	(13.9)%
Profit/loss after tax	**23**	**28**	**(16.3)%**	**23**	**43**	**(46.7)%**

Dividend income – largely higher intra-group dividends – resulted in an increase of € 60 million. The other result amounted to minus € 7 million (comparable period: minus € 34 million). The valuation of investments in associates led to a minus of € 8 million in the reporting period after the recognition of impairments of € 33 million in the prior-year period due to less favourable economic conditions, mainly as a result of the war in Ukraine. Impairment losses on financial assets represented net releases of € 11 million at head office (prior-year period: net allocation of € 16 million).

In contrast to these positive effects, net trading income and fair value result was down € 139 million. This was due to hedging of capital positions of subsidiaries held in local currencies by currency derivatives (net investment hedge). At head office, the large interest rate differential above all between euro and Russian ruble in the first quarter of the previous year had a very positive effect on valuations.

Interim consolidated financial statements

(Condensed interim report as at 31 March 2023)

Company

Raiffeisen Bank International AG (RBI AG) is registered in the commercial register of the Commercial Court of Vienna under FN 122119m. Its address is Am Stadtpark 9, 1030 Vienna.

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 12 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities. In total, RBI's around 45,000 employees serve 17.7 million clients at around 1,600 business outlets located mostly in CEE.

Since the company's shares are traded on a regulated market as defined in § 1 (2) of the Austrian Stock Market Act (BörseG) (prime market of the Vienna Stock Exchange) and numerous RBI AG issues are listed on a regulated market in the EU, RBI AG is required by § 59a of the Austrian Banking Act (BWG) to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The eight regional Raiffeisen banks are core shareholders that collectively hold approximately 58.8 per cent of the shares, with the remaining shares in free float.

As a credit institution within the meaning of § 1 of the Austrian Banking Act, RBI AG is subject to regulatory supervision by the Financial Market Authority located at Otto-Wagner-Platz 5, A-1090 Vienna (www.fma.gv.at) and the European Central Bank located at Sonnemannstraße 22, D-60314 Frankfurt am Main (www.bankingsupervision.europa.eu).

The condensed interim report as at 31 March 2023 was neither fully audited nor reviewed.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-31/3/2023	1/1-31/3/2022
Net interest income	[1]	1,385	986
Interest income according to effective interest method		2,187	1,223
Interest income other		259	165
Interest expenses		(1,061)	(402)
Dividend income	[2]	11	5
Current income from investments in associates	[3]	30	18
Net fee and commission income	[4]	966	683
Fee and commission income		1,203	912
Fee and commission expenses		(237)	(228)
Net trading income and fair value result	[5]	86	184
Net gains/losses from hedge accounting	[5]	(10)	(20)
Other net operating income	[6]	(9)	27
Operating income		**2,459**	**1,881**
Staff expenses		(562)	(430)
Other administrative expenses		(277)	(254)
Depreciation		(111)	(109)
General administrative expenses	**[7]**	**(950)**	**(792)**
Operating result		**1,509**	**1,089**
Other result	[8]	(96)	(102)
Governmental measures and compulsory contributions	[9]	(236)	(159)
Impairment losses on financial assets	[10]	(301)	(319)
Profit/loss before tax		**877**	**508**
Income taxes	[11]	(176)	(69)
Profit/loss after tax from continuing operations		**700**	**440**
Gains/losses from discontinued operations		0	18
Profit/loss after tax		**700**	**458**
Profit attributable to non-controlling interests	[28]	(43)	(16)
Consolidated profit/loss		**657**	**442**

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-31/3/2023	1/1-31/3/2022[1]
Profit/loss after tax		**700**	**458**
Items which are not reclassified to profit or loss		**18**	**2**
Remeasurements of defined benefit plans	[26]	0	1
Fair value changes of equity instruments	[16]	5	(36)
Fair value changes due to changes in credit risk of financial liabilities	[18]	12	32
Share of other comprehensive income from companies valued at equity	[23]	0	5
Deferred taxes on items which are not reclassified to profit or loss	[11]	0	0
Items that may be reclassified subsequently to profit or loss		**(238)**	**(101)**
Exchange differences		(259)	(207)
Hedge of net investments in foreign operations	[21]	(15)	234
Adaptations to the cash flow hedge reserve	[21]	29	(95)
Fair value changes of financial assets	[16]	15	(38)
Share of other comprehensive income from companies valued at equity	[23]	0	(20)
Deferred taxes on items which may be reclassified to profit or loss	[11]	(8)	26
Other comprehensive income		**(220)**	**(99)**
Total comprehensive income		**480**	**358**
Profit attributable to non-controlling interests	[28]	(54)	(9)
hereof income statement	[28]	(43)	(16)
hereof other comprehensive income		(10)	6
Profit/loss attributable to owners of the parent		**427**	**349**

1 Previous-year figures adapted due to changed allocation

Earnings per share

in € million	1/1-31/3/2023	1/1-31/3/2022
Consolidated profit/loss	657	442
Dividend claim on additional tier 1	(27)	(23)
Profit/loss attributable to ordinary shares	**630**	**419**
Average number of ordinary shares outstanding in million	328	329
Earnings per share in €	**1.92**	**1.27**

As no conversion rights or options were outstanding, no dilution of earnings per share occurred. The dividend on additional tier 1 capital is calculated; the effective payment is based on the decision of the Management Board at the respective payment date.

Statement of financial position

Assets

in € million	Notes	31/3/2023	31/12/2022
Cash, balances at central banks and other demand deposits	[12]	51,511	53,683
Financial assets - amortized cost	[13]	143,058	137,431
Financial assets - fair value through other comprehensive income	[16, 22]	3,060	3,203
Non-trading financial assets - mandatorily fair value through profit/loss	[17, 22]	848	757
Financial assets - designated fair value through profit/loss	[18, 22]	87	84
Financial assets - held for trading	[19, 22]	6,655	6,411
Hedge accounting	[21]	1,500	1,608
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[21]	(823)	(947)
Investments in subsidiaries and associates	[23]	729	713
Tangible fixed assets	[24]	1,681	1,684
Intangible fixed assets	[24]	890	903
Current tax assets	[11]	105	100
Deferred tax assets	[11]	328	269
Other assets	[25]	1,349	1,159
Total		**210,977**	**207,057**

Equity and liabilities

in € million	Notes	31/3/2023	31/12/2022
Financial liabilities - amortized cost	[14]	177,971	175,142
Financial liabilities - designated fair value through profit/loss	[18, 22]	1,036	950
Financial liabilities - held for trading	[20, 22]	8,571	8,453
Hedge accounting	[21]	1,908	2,054
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[21]	(1,063)	(1,217)
Provisions for liabilities and charges	[26]	1,427	1,479
Current tax liabilities	[11]	196	181
Deferred tax liabilities	[11]	27	36
Other liabilities	[27]	1,679	1,215
Equity	[28]	19,225	18,764
Consolidated equity		16,460	16,027
Non-controlling interests		1,159	1,127
Additional tier 1		1,606	1,610
Total		**210,977**	**207,057**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 31/12/2022	**1,002**	**4,990**	**13,637**	**(3,601)**	**16,027**	**1,127**	**1,610**	**18,764**
Impact of adopting IFRS 17	0	0	(3)	0	(3)	0	0	(3)
Equity as at 1/1/2023	**1,002**	**4,990**	**13,634**	**(3,601)**	**16,024**	**1,126**	**1,610**	**18,761**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	(21)	0	(21)
Own shares	0	0	0	0	0	0	(4)	(4)
Other changes	0	0	9	0	9	0	0	9
Total comprehensive income	0	0	657	(230)	427	54	0	480
Equity as at 31/3/2023	**1,002**	**4,989**	**14,300**	**(3,832)**	**16,460**	**1,159**	**1,606**	**19,225**

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2022	**1,002**	**4,992**	**10,121**	**(3,272)**	**12,843**	**1,010**	**1,622**	**15,475**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	(13)	(13)
Other changes	0	0	(6)	0	(6)	(3)	0	(8)
Total comprehensive income	0	0	442	(93)	349	9	0	358
Equity as at 31/3/2022	**1,002**	**4,992**	**10,557**	**(3,365)**	**13,186**	**1,017**	**1,609**	**15,812**

Statement of cash flows

in € million	Notes	1/1-31/3/2023	1/1-31/3/2022
Cash, balances at central banks and other demand deposits as at 1/1	**[12]**	**53,683**	**38,557**
Operating activities:			
Profit/loss before tax		877	508
Adjustments for the reconciliation of profit/loss after tax to the cash flow from operating activities:			
Depreciation, amortization, impairment and reversal of impairment on non-financial assets	[7, 8]	117	107
Net provisioning for liabilities and charges and impairment losses on financial assets	[6, 10, 26]	399	390
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 8]	108	(173)
Current income from investments in associates	[3]	(30)	(18)
Other adjustments (net)[1]		(1,190)	(148)
Subtotal		**281**	**666**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[13]	(4,158)	927
Financial assets - fair value through other comprehensive income	[16, 22]	224	389
Non-trading financial assets - mandatorily fair value through profit/loss	[17, 22]	(8)	5
Financial assets - designated fair value through profit/loss	[18, 22]	(1)	4
Financial assets - held for trading	[19, 22]	(885)	802
Positive fair values from hedge accounting	[21]	16	0
Other assets	[25]	(105)	(137)
Financial liabilities - amortized cost	[14]	2,767	(1,062)
Financial liabilities - designated fair value through profit/loss	[18, 22]	89	(36)
Financial liabilities - held for trading	[20, 22]	436	(45)
Provisions for liabilities and charges	[26]	(160)	(81)
Other liabilities	[27]	189	357
Interest received	[1]	2,033	1,221
Interest paid	[1]	(741)	(331)
Dividends received	[2]	14	9
Income taxes paid	[11]	(253)	(56)
Net cash from operating activities		**(278)**	**2,631**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(6)	(7)
Payments for purchase of:			
Investment securities and shares	[13, 15, 17, 23]	(2,332)	(1,252)
Tangible and intangible fixed assets	[24]	(100)	(74)
Proceeds from sale of:			
Investment securities and shares	[13, 15, 17, 23]	628	305
Tangible and intangible fixed assets	[24]	38	11
Net cash from investing activities		**(1,772)**	**(1,016)**
Financing activities:			
Capital decreases		(4)	(13)
Inflows subordinated financial liabilities	[14, 18]	2	0
Outflows subordinated financial liabilities	[14, 18]	(28)	(24)
Dividend payments		(21)	0
Cash flows for leases		(23)	(18)
Inflows from changes in non-controlling interests		0	0
Net cash from financing activities		**(74)**	**(54)**
Effect of exchange rate changes		(48)	4
Cash, balances at central banks and other demand deposits as at 31/3	**[12]**	**51,511**	**40,121**

1 Other adjustments (net) mainly include the deduction of net interest income and dividend income; the corresponding cash flows are shown under the items interest received, interest paid and dividends received.

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities. A cash generating unit (CGU) within the Group is a country. The presentation of the countries includes all operating units of RBI in the respective countries (in addition to subsidiary banks, e.g. also leasing companies). Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are a material component in the decision-making process. The segments are also presented accordingly in compliance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments.

This results in the following segments:

- Central Europe: Czech Republic, Hungary, Poland and Slovakia
- Southeastern Europe: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Romania, and Serbia
- Eastern Europe: Belarus, Russia and Ukraine
- Group Corporates & Markets (business booked in Austria): Operating business at head office divided into subsegments: Austrian and international corporate customers, Financial Institutions & Sovereigns, the trading of equity instruments and capital market financing, and business with the institutions of the Raiffeisen Banking Group (RBG). This segment also covers the capital market-based customer and proprietary business in Austria. Besides RBI AG, this also includes financial services outsourced to subsidiaries, such as Vienna-based entities like Raiffeisen Digital Bank AG (digital retail banking activities), Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H., Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung. Furthermore, companies with banking activities valued at equity are allocated to this segment.
- Corporate Center: Central group management functions at head office (e.g. treasury) and other group units (participation companies and joint service companies), minority interests as well as companies with non-banking activities valued at equity.

1/1-31/3/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	367	299	504	226
Dividend income	2	0	0	2
Current income from investments in associates	(1)	0	1	4
Net fee and commission income	141	105	549	158
Net trading income and fair value result	(8)	9	66	57
Net gains/losses from hedge accounting	(3)	0	(1)	(4)
Other net operating income	5	2	(33)	29
Operating income	**503**	**415**	**1,085**	**472**
General administrative expenses	(236)	(175)	(280)	(199)
Operating result	**267**	**241**	**805**	**272**
Other result	(86)	0	(5)	1
Governmental measures and compulsory contributions	(121)	(20)	(16)	(25)
Impairment losses on financial assets	(12)	0	(306)	15
Profit/loss before tax	**48**	**221**	**478**	**263**
Income taxes	(38)	(33)	(100)	(58)
Profit/loss after tax	**9**	**187**	**378**	**206**
Profit attributable to non-controlling interests	(21)	0	(20)	(3)
Profit/loss after deduction of non-controlling interests	**(11)**	**187**	**359**	**203**
Return on equity before tax	4.5 %	28.4 %	50.9 %	27.8 %
Return on equity after tax	0.9 %	24.1 %	40.3 %	21.7 %
Net interest margin (average interest-bearing assets)	2.32 %	4.07 %	6.39 %	1.43 %
Cost/income ratio	46.9 %	42.1 %	25.8 %	42.2 %
Loan/deposit ratio	84.0 %	71.7 %	40.1 %	161.1 %
Provisioning ratio (average loans to customers)	0.12 %	0.00 %	9.05 %	(0.16)%
NPE ratio	1.3 %	1.9 %	2.3 %	1.4 %
NPE coverage ratio	57.7 %	69.2 %	70.7 %	41.3 %
Assets	65,220	31,744	33,855	69,706
Total risk-weighted assets (RWA)	26,736	16,968	22,266	29,273
Equity	4,659	3,559	5,074	4,042
Loans to customers	38,192	18,286	10,276	38,885
Deposits from customers	46,895	25,466	26,389	29,224
Business outlets	339	728	507	23
Employees as at reporting date (full-time equivalents)	9,746	12,709	16,759	3,397
Customers in million	3.8	4.9	7.1	1.9

1/1-31/3/2023 in € million	Corporate Center	Reconciliation	Total
Net interest income	(14)	3	1,385
Dividend income	105	(99)	11
Current income from investments in associates	26	0	30
Net fee and commission income	14	0	966
Net trading income and fair value result	(43)	5	86
Net gains/losses from hedge accounting	(2)	0	(10)
Other net operating income	24	(36)	(9)
Operating income	**110**	**(126)**	**2,459**
General administrative expenses	(95)	35	(950)
Operating result	**15**	**(91)**	**1,509**
Other result	(7)	0	(96)
Governmental measures and compulsory contributions	(53)	0	(236)
Impairment losses on financial assets	11	(8)	(301)
Profit/loss before tax	**(34)**	**(99)**	**877**
Income taxes	57	(4)	(176)
Profit/loss after tax	**23**	**(103)**	**700**
Profit attributable to non-controlling interests	0	0	(43)
Profit/loss after deduction of non-controlling interests	**23**	**(103)**	**657**

Return on equity before tax	–	–	18.7 %
Return on equity after tax	–	–	14.9 %
Net interest margin (average interest-bearing assets)	–	–	2.75 %
Cost/income ratio	–	–	38.6 %
Loan/deposit ratio	–	–	82.3 %
Provisioning ratio (average loans to customers)	–	–	0.93 %
NPE ratio	–	–	1.5 %
NPE coverage ratio	–	–	58.2 %
Assets	38,213	(27,761)	210,977
Total risk-weighted assets (RWA)	15,445	(12,096)	98,592
Equity	8,428	(6,537)	19,225
Loans to customers	1,318	(1,620)	105,336
Deposits from customers	1,188	(4,385)	124,776
Business outlets	–	–	1,597
Employees as at reporting date (full-time equivalents)	2,094	–	44,705
Customers in million	0.0	–	17.7

1/1-31/3/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	307	196	325	148
Dividend income	0	0	0	0
Current income from investments in associates	1	0	1	0
Net fee and commission income	139	97	286	150
Net trading income and fair value result	(1)	(3)	10	24
Net gains/losses from hedge accounting	(1)	0	(15)	(5)
Other net operating income	7	9	(1)	29
Operating income	**453**	**299**	**606**	**346**
General administrative expenses	(215)	(148)	(176)	(180)
Operating result	**237**	**152**	**430**	**167**
Other result	(53)	(1)	(1)	1
Governmental measures and compulsory contributions	(59)	(22)	(14)	(17)
Impairment losses on financial assets	(24)	(16)	(316)	39
Profit/loss before tax	**102**	**113**	**100**	**190**
Income taxes	(28)	(17)	(22)	(50)
Profit/loss after tax from continuing operations	**74**	**96**	**77**	**140**
Gains/losses from discontinued operations	0	15	0	0
Profit/loss after tax	**74**	**111**	**77**	**140**
Profit attributable to non-controlling interests	(24)	(1)	11	(2)
Profit/loss after deduction of non-controlling interests	**50**	**110**	**88**	**138**
Return on equity before tax	10.6 %	13.3 %	16.3 %	19.8 %
Return on equity after tax	7.6 %	13.1 %	12.6 %	14.6 %
Net interest margin (average interest-bearing assets)	2.13 %	3.08 %	5.67 %	1.05 %
Cost/income ratio	47.6 %	49.3 %	29.0 %	51.9 %
Loan/deposit ratio	89.7 %	67.9 %	65.8 %	142.1 %
Provisioning ratio (average loans to customers)	0.26 %	0.43 %	7.01 %	(0.41)%
NPE ratio	1.7 %	2.3 %	1.4 %	1.6 %
NPE coverage ratio	59.7 %	69.6 %	70.2 %	53.4 %
Assets	57,631	33,255	25,942	60,638
Total risk-weighted assets (RWA)	25,212	18,239	26,523	32,218
Equity	4,098	3,623	2,610	4,090
Loans to customers	35,981	15,046	13,782	38,294
Deposits from customers	41,370	22,210	21,190	31,996
Business outlets	370	798	584	23
Employees as at reporting date (full-time equivalents)	9,683	13,782	17,930	3,329
Customers in million	3.6	5.4	7.6	1.9

1/1-31/3/2022 in € million	Corporate Center	Reconciliation	Total
Net interest income	(4)	12	986
Dividend income	45	(41)	5
Current income from investments in associates	16	0	18
Net fee and commission income	16	(5)	683
Net trading income and fair value result	96	59	184
Net gains/losses from hedge accounting	(1)	2	(20)
Other net operating income	16	(34)	27
Operating income	**183**	**(6)**	**1,881**
General administrative expenses	(104)	30	(792)
Operating result	**79**	**24**	**1,089**
Other result	(34)	(15)	(102)
Governmental measures and compulsory contributions	(48)	0	(159)
Impairment losses on financial assets	(16)	15	(319)
Profit/loss before tax	**(19)**	**24**	**508**
Income taxes	46	2	(69)
Profit/loss after tax from continuing operations	**28**	**26**	**440**
Gains/losses from discontinued operations	0	2	18
Profit/loss after tax	**28**	**28**	**458**
Profit attributable to non-controlling interests	0	0	(16)
Profit/loss after deduction of non-controlling interests	**27**	**28**	**442**

Return on equity before tax	–	–	13.2 %
Return on equity after tax	–	–	11.9 %
Net interest margin (average interest-bearing assets)	–	–	2.21 %
Cost/income ratio	–	–	42.1 %
Loan/deposit ratio	–	–	90.1 %
Provisioning ratio (average loans to customers)	–	–	0.97 %
NPE ratio	–	–	1.6 %
NPE coverage ratio	–	–	61.8 %
Assets	43,106	(27,946)	192,624
Total risk-weighted assets (RWA)	16,886	(15,061)	104,017
Equity	7,648	(6,257)	15,812
Loans to customers	556	(1,692)	101,966
Deposits from customers	126	(3,240)	113,652
Business outlets	–	–	1,775
Employees as at reporting date (full-time equivalents)	1,897	–	46,621
Customers in million	0.0	–	18.4

Notes

Principles underlying the consolidated financial statements

The condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). For the preparation of the interim consolidated financial statements, the same accounting policies are applied as described in detail in the annual consolidated financial statements as at 31 December 2022. Furthermore, the interim consolidated financial statements also consider the requirements in accordance with IAS 34 regarding the form and content of interim financial reporting. Information on cyclical expenses and income is addressed in the interim group management report.

Some IFRS disclosures made outside the notes form an integral part of the consolidated financial statements. These are mainly explanations on net income from segments, which are included in the notes on segment reporting. In addition to the disclosures pursuant to IFRS 7 which are included in the notes, the risk report section especially contains detailed information on credit risk, concentration risk, market risk and liquidity risk.

Key sources of estimation uncertainty and critical accounting judgments

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experiences and other factors, such as planning and expectations or forecasts of future events that appear likely, based on current judgement. The estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to estimates that affect only one period will be considered only in that period. If the following reporting periods are also affected, the alterations will be taken into consideration in the current and following periods. The critical assumptions, estimates and accounting judgments primarily affect impairment losses in the credit business, the fair value and impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, provisions for litigation as well as the calculations used to determine the recoverability of goodwill and the intangible assets capitalized in the course of the initial consolidation. The actual amount recognized may differ from the estimated values.

In the context of the geopolitical situation RBI is also exposed to higher risks related to foreign exchange translations. Details can be found in the section currencies.

Application of new and revised standards

Unless otherwise stated, the application of the following standards and interpretations did not have a material impact on the consolidated financial statements of RBI.

Amendments to IAS 1 (Disclosure of Accounting Policies; Effective from 1st January 2023)

Starting from 1st January 2023 only material accounting policies are to be disclosed in the notes. The amendments to this standard consist majorly of changes in wording, which should lead to more clarity and unity in application.

Amendments to IAS 8 (Definition of Accounting Estimates; Effective from 1st January 2023)

The aim of this amendment is to clarify the distinction between changes in accounting policies (retrospective changes) and changes in accounting estimates (prospective changes). An accounting estimation is always based on a valuation uncertainty of financial balances in the financial statements. Changes in measurement techniques to calculate an estimate represent changes in accounting estimates, if they do not result from the correction of prior period errors.

Amendments to IAS 12 (Deferred Tax arising from a Single Transaction; Effective from 1st January 2023)

The main change in deferred tax related to assets and liabilities arising from a single transaction is to narrow the scope of the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

IFRS 17 (Insurance Contracts; Effective from 1st January 2023)

IFRS 17 covers recognition and measurement, presentation and disclosure of insurance contracts. The aim of IFRS 17 consists of provision of relevant information by the financial statement preparing companies and thus a credible presentation of insurance contracts. This information should be the basis for users of financial statements to accurately evaluate the impact of insurance contracts on the financial position, financial performance and cash flows of companies. On transition RBI's equity decreased by € 3 million as of 1st January 2023.

Standards and interpretations not yet applicable

Information on this can be seen in the Annual Report 2022, chapter principles underlying the consolidated financial statements.

Currencies

	2023		2022	
	As at	Average	As at	Average
Rates in units per €	**31/3**	**1/1-31/3**	**31/12**	**1/1-31/3**
Albanian lek (ALL)	113.210	114.758	114.230	121.150
Belarusian ruble (BYN)	3.103	2.967	2.916	3.045
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	-	-	1.956	1.956
Croatian kuna (HRK)	-	-	7.535	7.546
Polish zloty (PLN)	4.670	4.693	4.681	4.631
Romanian leu (RON)	4.949	4.935	4.950	4.948
Russian ruble (RUB)	84.094	79.517	77.789	95.032
Serbian dinar (RSD)	117.293	117.325	117.322	117.644
Czech koruna (CZK)	23.492	23.724	24.116	24.651
Ukrainian hryvnia (UAH)	39.781	39.305	38.951	32.106
Hungarian forint (HUF)	379.500	387.240	400.870	366.468
US dollar (USD)	1.088	1.075	1.067	1.120

In the context of the geopolitical situation, RBI is exposed to increased risks related to foreign currency translations. The ECB stopped publishing an official EUR/RUB exchange rate, and an actual and factually achievable exchange rate (e.g. provided by Refinitiv or Electronic Broking Service (EBS): off-shore rate) established itself in addition to the theoretical, official exchange rate (rate determined by the Russian central bank on the basis of data from the Moscow Stock Exchange: on-shore rate). RBI is exposed to these risks particularly in the translation of monetary items denominated in a foreign currency and in the translation of fully consolidated foreign business operations. RBI uses the off-shore rate for both the translation of monetary items outside of Russia and the translation of the fully consolidated foreign business operation in Russia. As at 31 March 2023, the EUR/RUB exchange rate used by RBI (off-shore rate) was 84.09 and that of the Russian central bank (on-shore rate) was 83.76. For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI.

In connection with similar circumstances, the IFRIC explicitly pointed out in its meeting on September 2018 (IFRIC Update 09-18) that companies in such a market environment must examine on an ongoing basis whether the exchange rate used represents the correct rate in accordance with IAS 21. Further information on underlying estimations and assumptions made by RBI can be found in the Annual Report 2022.

Consolidated group

	Fully consolidated	
Number of units	31/3/2023	31/12/2022
As at beginning of period	**192**	**204**
Included for the first time in the financial period	7	7
Merged in the financial period	0	(4)
Excluded in the financial period	(2)	(15)
As at end of period	**197**	**192**

Included units

Company, domicile (country)	Share	Included as of	Reason
Companies rendering bank-related ancillary services			
RBI Retail Innovation GmbH, Vienna (AT)	100.0%	1/1	Materiality
Other companies			
Neu-Marx Holding Eins GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
Neu-Marx Holding Zwei GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
Neu-Marx Immobilien Eins GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
Neu-Marx Immobilien Zwei GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	100.0%	1/1	Materiality
Raiffeisen WohnBau Zwei GmbH, Vienna (AT)	100.0%	1/1	Materiality

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Financial institutions			
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Kriftel (DE)	6.0%	1/2	Materiality
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Kriftel (DE)	100.0%	1/3	Materiality

Consequences and analysis of the armed conflict between Russia and Ukraine

Going Concern

The RBI Board of Management has prepared the consolidated financial statements as at 31 March 2023 on a going concern basis as they do not intend to liquidate RBI and based on current available information this is considered a realistic intention.

RBI has analyzed several reasonably possible scenarios based on the current situation in Ukraine and Russia. A range of sources have been considered about present and expected future conditions in making the assessment. Planning indicates that RBI has the required economic resources to be able to meet ongoing regulatory requirements as well as being able to fund business and liquidity needs (liquidity and funding profile, including forecasts of internal liquidity metrics and regulatory liquidity coverage ratios). Furthermore, RBI has robust systems in place to mitigate the operational disruption of doing business in a war zone including the threat of cyberattacks. The internally generated stress testing scenarios for liquidity and capital requirements have shown that RBI has adequate resources to withstand reasonably possible downside scenarios.

The RBI Board of Management has concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval (4 May 2023) of the interim report to be issued.

Control event

The significant changes in the economic and political environment due to the war may indicate changes in the ability of an investor to control subsidiaries according to IFRS 10 in the affected areas. For RBI, especially Ukraine, Russia and Belarus can be counted among the affected areas.

In assessing control, RBI's examination includes if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee according to the requirements of IFRS 10. If voting rights are relevant, RBI has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights, except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. RBI assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which RBI has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees. If facts and circumstances indicate that there are changes to one or more elements of control, a reassessment whether control over the investee still exists is done.

When examining the facts and circumstances RBI carefully considered whether there have been changes that may significantly limit its ability to exercise the rights or governance provisions with respect to a subsidiary due to the war or the sanctions imposed. RBI has concluded that no changes are necessary in the assessment of control and that control was not lost over the subsidiaries in the affected areas.

Western countries, however, have imposed strong sanctions on Russian entities, the Russian central bank, and the Russian government. At the same time, Russia has imposed restrictions on capital flows to so-called unfriendly countries. Both hamper the servicing of international debt, profit distributions and free accountability of capital shares.

Concentration risk

Due to the outbreak of war in Ukraine, RBI's activities in Russia, Ukraine, and Belarus have been exposed to increased risk. The heightened risk is driven by several factors such as the destruction of livelihoods and infrastructure in Ukraine as well as the loss and blockading of ports, sanctions imposed on Russia, uncertainty about the length of the war and price instability and economic contraction in Eastern Europe. The exposure to Russia, Ukraine, and Belarus is presented in the tables below.

The first table shows a breakdown of the net carrying amount of loans and advances and debt securities based on IFRS measurement categories as well as the nominal value of the off-balance exposure after impairments. The second table shows the concentration risk on counterparty level, whereby derivatives of the trading book are shown separately. Both tables are based on country view based on IFRS 8 segmentation.

in € million	31/3/2023 Russia	Ukraine	Belarus	Total	31/12/2022 Russia	Ukraine	Belarus	Total
Financial assets - amortized cost	15,624	2,762	1,661	20,047	15,937	3,041	1,174	20,153
Financial assets - fair value through other comprehensive income	2	99	1	102	2	119	131	253
Non-trading financial assets - mandatorily fair value through profit/loss	3	0	0	3	2	0	0	2
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0	0	0
Financial assets - held for trading	137	161	4	302	304	164	5	473
On-balance	**15,766**	**3,022**	**1,666**	**20,454**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	3,092	740	336	4,168	3,294	770	369	4,433
Total	**18,858**	**3,762**	**2,002**	**24,622**	**19,539**	**4,095**	**1,679**	**25,313**

in € million	31/3/2023 Russia	Ukraine	Belarus	Total	31/12/2022 Russia	Ukraine	Belarus	Total
Derivatives	123	8	0	130	244	8	0	252
Central banks	1,040	478	0	1,518	732	774	0	1,506
General governments	189	707	133	1,029	212	655	262	1,130
Banks	6,121	350	812	7,284	5,758	260	320	6,337
Other financial corporations	247	27	1	275	642	52	1	694
Non-financial corporations	4,620	1,326	487	6,432	4,799	1,433	467	6,699
Households	3,426	126	233	3,785	3,859	142	260	4,261
On-balance	**15,766**	**3,022**	**1,666**	**20,454**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	3,092	740	336	4,168	3,294	770	369	4,433
Total	**18,858**	**3,762**	**2,002**	**24,622**	**19,539**	**4,095**	**1,679**	**25,313**

Valuation of collateral in Ukraine

In Ukraine, there are many difficulties in determining the market value of collateral since the beginning of the war. These are on the one hand physical restrictions in some regions on the ability to conduct visual inspections and determine the potential level of damage and on the other hand the uncertainty about market development and transactions. For this reasons eligibility of collaterals was reduced and collateral discounts were increased. Especially in occupied regions non-eligible status and 100 per cent discount was applied and in regions with high risk of hostility or occupation significantly increased discounts were applied. For other areas of Ukraine there are ongoing on-site visits. In individual cases, revaluation is carried out based on the best available evidence. In addition, the situation was strengthened by regular missile attacks on Ukraine's energy infrastructure from October to February, causing power supply problems throughout Ukraine. During March, most issues with power supply were largely resolved.

Impairment test for tangible fixed assets

Due to the war between Russia and the Ukraine, tangible and intangible fixed assets in both countries were examined for indicators that could lead to an impairment in accordance with IAS 36. In Ukraine, the tangible fixed assets located in the occupied territories were written off to zero in the previous year. All other tangible fixed assets were assessed individually and adjusted if damage occurred. This resulted in impairments of less than € 1 million in the first quarter 2023 as in the prior-year period. Due to changes in market prices, interest rates, rental prices and vacant properties, as a result of the geopolitical situation and a more detailed appraisal the impairment test for tangible fixed assets in Russia resulted in impairment losses below € 1 million (previous year: € 0 million). The impairment test for intangible fixed assets did not result in any impairment losses for the first quarter 2023 or the comparable period.

For the effects on the models for calculating impairments in accordance with IFRS 9, please refer to notes (30) Forward-looking information.

Impairment test for companies valued at equity

Based on the impairment tests from March 2023, no impairment losses for the investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and UNIQA Insurance Group AG were recognized in the first quarter.

For the effects on the models for calculating impairments in accordance with IFRS 9, please refer to notes (30) Forward-looking information.

Notes to the income statement

(1) Net interest income

in € million	1/1-31/3/2023	1/1-31/3/2022
Interest income according to effective interest method	**2,187**	**1,223**
Financial assets - fair value through other comprehensive income	33	23
Financial assets - amortized cost	2,154	1,200
Interest income other	**259**	**165**
Financial assets - held for trading	71	30
Non-trading financial assets - mandatorily fair value through profit/loss	7	8
Financial assets - designated fair value through profit/loss	1	1
Derivatives – hedge accounting, interest rate risk	98	49
Other assets	82	27
Interest income on financial liabilities	0	49
Interest expenses	**(1,061)**	**(402)**
Financial liabilities - amortized cost	(783)	(297)
Financial liabilities - held for trading	(76)	(38)
Financial liabilities - designated fair value through profit/loss	(8)	(9)
Derivatives – hedge accounting, interest rate risk	(191)	(37)
Other liabilities	(1)	(1)
Interest expenses on financial assets	(2)	(20)
Total	**1,385**	**986**

in € million	1/1-31/3/2023	1/1-31/3/2022
Net interest income	1,385	986
Average interest-bearing assets	201,423	178,633
Net interest margin	**2.75 %**	**2.21 %**

Net interest income includes interest income of € 112 million (previous year's period: € 62 million) from marked-to-market financial assets and interest expenses of € 84 million (previous year's period: € 47 million) from marked-to-market financial liabilities.

Net interest income increased € 399 million to € 1,385 million. The increases of € 56 million in Hungary, € 36 million in Romania, € 32 million at head office and € 19 million in Slovakia related to strong loan growth and rising interest rates. Net interest income in Serbia increased € 37 million, primarily due to the integration of Crédit Agricole Srbija AD and higher interest income from loans both to retail and to corporate customers. In Ukraine, higher interest income from government certificates of deposit, from the money market business and from government bonds made for a € 25 million increase in net interest income. Net interest income in Russia increased € 155 million despite a 24 per cent decline in lending volumes. The increase was due to higher interest income from repo business, reduced interest expense due to lower interest rates on customer deposits and an appreciation of the Russian ruble. The net interest margin improved 54 basis points to 2.75 per cent, which in addition to Eastern Europe was attributable to a 201 basis point increase in Serbia and a 180 basis point increase in Hungary.

(2) Dividend income

in € million	1/1-31/3/2023	1/1-31/3/2022
Financial assets - held for trading	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	1	0
Financial assets - fair value through other comprehensive income	3	4
Investments in subsidiaries and associates	6	1
Total	**11**	**5**

(3) Current income from investments in associates

in € million	1/1-31/3/2023	1/1-31/3/2022
Current income from investments in associates	30	18

(4) Net fee and commission income

in € million	1/1-31/3/2023	1/1-31/3/2022
Clearing, settlement and payment services	340	190
Loan and guarantee business	57	65
Securities	76	22
Asset management	62	63
Custody and fiduciary business	17	23
Customer resources distributed but not managed	15	19
Foreign exchange business	353	293
Other	46	8
Total	**966**	**683**

The strong increase in net fee and commission income was driven as before by the geopolitical situation. Clearing, settlement and payment services recorded growth of € 150 million due to increased transactions with both corporate and retail customers in Russia and at head office. Foreign exchange business also increased € 60 million, primarily in the spot foreign exchange business in Russia. This was due to increased activity from both retail and corporate customers. Net income from securities business also developed positively, with the strongest growth of € 58 million in Russia. With the support of the currency appreciation in Russia, net fee and commission income consequently increased € 282 million to € 966 million. In addition to Russia, head office also recorded an increase, as did Ukraine, Serbia, Belarus and Hungary on a currency-adjusted basis.

Net fee and commission income includes income and expenses of € 541 million (previous year's period: € 460 million) relating to financial assets and financial liabilities that are not measured at fair value through profit or loss.

1/1-31/3/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**193**	**147**	**634**	**243**	**22**	**(36)**	**1,203**
Clearing, settlement and payment services	87	86	223	71	18	(27)	458
Clearing and settlement	11	10	151	0	6	(4)	175
Credit cards	14	11	5	13	1	0	43
Debit cards and other card payments	13	26	38	0	8	(7)	78
Other payment services	49	40	28	58	4	(16)	163
Loan and guarantee business	17	11	10	32	1	(2)	70
Securities	10	2	61	30	1	(5)	99
Asset management	6	6	5	81	0	0	98
Custody and fiduciary business	3	1	10	8	0	(1)	22
Customer resources distributed but not managed	7	6	11	0	0	0	24
Foreign exchange business	55	31	265	17	1	0	369
Other	7	3	50	4	0	(1)	62
Fee and commission expenses	**(52)**	**(42)**	**(85)**	**(85)**	**(8)**	**35**	**(237)**
Total	**141**	**105**	**549**	**158**	**14**	**0**	**966**

1/1-31/3/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**183**	**133**	**366**	**240**	**16**	**(26)**	**912**
Clearing, settlement and payment services	77	75	119	41	14	(16)	310
Clearing and settlement	11	9	56	0	7	(4)	79
Credit cards	10	10	5	11	0	0	36
Debit cards and other card payments	10	21	33	0	6	(6)	64
Other payment services	45	35	24	30	1	(5)	130
Loan and guarantee business	18	9	10	40	0	(2)	75
Securities	10	1	3	26	2	(5)	38
Asset management	7	7	3	87	0	0	103
Custody and fiduciary business	3	1	10	15	0	(2)	27
Customer resources distributed but not managed	7	6	14	0	0	0	27
Foreign exchange business	53	30	195	28	0	(2)	305
Other	9	3	11	3	0	0	26
Fee and commission expenses	**(44)**	**(36)**	**(79)**	**(90)**	**(1)**	**21**	**(228)**
Total	**139**	**97**	**286**	**150**	**16**	**(5)**	**683**

(5) Net trading income, fair value result and net gains/losses from hedge accounting

in € million	1/1-31/3/2023	1/1-31/3/2022
Net gains/losses on financial assets and liabilities - held for trading	**(101)**	**193**
Derivatives	1	266
Equity instruments	13	(33)
Debt securities	16	(55)
Loans and advances	10	4
Short positions	0	4
Deposits	9	24
Debt securities issued	(147)	(1)
Other financial liabilities	(3)	(17)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**17**	**0**
Equity instruments	0	0
Debt securities	3	1
Loans and advances	14	(1)
Net gains/losses on financial assets and liabilities - designated fair value through profit/loss	**(5)**	**25**
Debt securities	0	(2)
Deposits	(2)	1
Debt securities issued	(2)	26
Exchange differences, net	**175**	**(34)**
Total	**86**	**184**

Net trading income and fair value result decreased € 98 million to € 86 million. The decrease was mainly driven by the market turmoil in Russia and the increase in the own credit spreads following the Russian war against Ukraine in the first quarter 2022.

Due to hedging of capital positions held in local currencies of subsidiaries by means of forward exchange contracts (net investment hedge) and high interest rate differential between the euro and the Russian ruble in the first quarter of the previous year, strong valuation gains were recorded at head office. The decline in the valuation result from this effect amounted to € 89 million compared to the previous-year period. Without this effect, the net trading income increased € 37 million to € 59 million at head office, which was mainly due to higher trading results in the area of interest rate derivatives.

The trading activities in Russia resulted in an increase of € 57 million to € 46 million. This was mainly due to an improved result from foreign currency valuation and trading activities in foreign currency derivatives and customer transactions in foreign currencies.

In addition, the certificate business generated high valuation gains due to the increased own credit spreads from certificate issues measured at fair value last year. However, in the current period the risk spreads only changed marginally and remained relatively stable at the levels of year-end 2022. Hence, the valuation result declined € 76 million to minus € 7 million.

The valuation of investments in venture capital funds measured at fair value also recorded valuation gains of € 13 million in the first quarter 2022, whereas in the current period the gains decreased to € 1 million.

in € million	1/1-31/3/2023	1/1-31/3/2022
Fair value changes of the hedging instruments	87	125
Fair value changes of the hedged items attributable to the hedged risk	(96)	(144)
Ineffectiveness of cash flow hedge recognized in profit or loss	0	(2)
Total	**(10)**	**(20)**

(6) Other net operating income

in € million	1/1-31/3/2023	1/1-31/3/2022
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(14)**	**2**
Debt securities	(13)	(2)
Loans and advances	(2)	1
Debt securities issued	0	3
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**0**	**1**
Investment property	0	0
Intangible fixed assets	0	0
Other assets	1	1
Net income arising from non-banking activities	**2**	**0**
Sales revenues from non-banking activities	28	27
Expenses from non-banking activities	(26)	(27)
Net income from additional leasing services	**5**	**6**
Revenues from additional leasing services	13	11
Expenses from additional leasing services	(7)	(5)
Net income from insurance contracts	**(2)**	**4**
Net rental income from investment property incl. operating lease (real estate)	**15**	**12**
Net rental income from investment property	5	4
Income from rental real estate	5	4
Expenses from rental real estate	(1)	(1)
Income from other operating lease	7	7
Expenses from other operating lease	(2)	(2)
Net expense from allocation and release of other provisions	**(20)**	**0**
Other operating income/expenses	**5**	**1**
Total	**(9)**	**27**
Other operating income	82	86
Other operating expenses	(90)	(59)

(7) General administrative expenses

in € million	1/1-31/3/2023	1/1-31/3/2022
Staff expenses	(562)	(430)
Other administrative expenses	(277)	(254)
Depreciation of tangible and intangible fixed assets	(111)	(109)
Total	**(950)**	**(792)**

Staff expenses

in € million	1/1-31/3/2023	1/1-31/3/2022
Wages and salaries	(432)	(327)
Social security costs and staff-related taxes	(107)	(79)
Other voluntary social expenses	(13)	(12)
Expenses for defined contribution pension plans	(3)	(4)
Expenses/income from defined benefit pension plans	(1)	(1)
Expenses for post-employment benefits	(2)	(3)
Expenses for other long-term employee benefits excl. deferred bonus program	(1)	0
Staff expenses under deferred bonus programm	(1)	(2)
Termination benefits	(1)	(1)
Total	**(562)**	**(430)**

Staff expenses rose € 132 million to € 562 million, mainly in Russia (up € 113 million) due to higher salaries and social security costs, provisions for one-off payments and an increase in the workforce.

Other administrative expenses

in € million	1/1-31/3/2023	1/1-31/3/2022
Office space expenses	(29)	(24)
IT expenses	(94)	(89)
Legal, advisory and consulting expenses	(36)	(33)
Advertising, PR and promotional expenses	(22)	(28)
Communication expenses	(20)	(17)
Office supplies	(5)	(5)
Car expenses	(3)	(2)
Security expenses	(7)	(6)
Traveling expenses	(4)	(1)
Training expenses for staff	(4)	(3)
Other non-income related taxes	(20)	(18)
Sundry administrative expenses	(33)	(29)
Total	**(277)**	**(254)**
hereof expenses for short-term leases	(4)	(3)
hereof expenses for leases of low-value assets	(1)	(1)

The main drivers of the € 23 million rise in other administrative expenses were higher legal, advisory and consulting expenses and increased IT expenses at head office (up € 10 million). Other administrative expenses also increased in Hungary (up € 6 million) and in Poland (up € 4 million).

Depreciation of tangible and intangible fixed assets

in € million	1/1-31/3/2023	1/1-31/3/2022
Tangible fixed assets	(58)	(56)
hereof right-of-use assets	(20)	(20)
Intangible fixed assets	(53)	(52)
Total	**(111)**	**(109)**

(8) Other result

in € million	1/1-31/3/2023	1/1-31/3/2022
Net modification gains/losses	**2**	**0**
Gains/losses from changes in present value of non-substantially modified contracts	3	(1)
Gains/losses from derecognition due to substantial modification of contract terms	(1)	0
Impairment or reversal of impairment on investments in subsidiaries and associates	**(8)**	**(44)**
Impairment on non-financial assets	**(5)**	**2**
Goodwill	0	0
Other	(5)	2
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**0**	**(3)**
Net income from non-current assets and disposal groups classified as held for sale	0	1
Result of deconsolidations	0	(4)
Expenses for credit-linked, portfolio-based litigations and annulments	**(85)**	**(56)**
Total	**(96)**	**(102)**

In the reporting period, the item impairment or reversal of impairment on investments in subsidiaries and associates amounting to minus € 8 million (prior-year period: minus € 44 million) mainly included the valuation of shares in companies valued at equity in the amount of minus € 8 million (prior-year period: minus € 33 million). In the prior-year period, the valuation of shares in companies valued at equity was primarily due to the negative effects of the war on the economic environment and thus on the business activities of the companies. In the prior-year period, there were also impairments on shares in subsidiaries amounting to € 11 million.

Expenses for credit-linked and portfolio-based litigation provisions and annulments of € 85 million mainly resulted from pending and expected legal proceedings in Poland totaling € 86 million (prior-year period: € 54 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The expense posted in Poland in the reporting period resulted from parameter adjustments in the model calculation (number of cases, default rate) and annulments of loan agreements.

(9) Governmental measures and compulsory contributions

in € million	1/1-31/3/2023	1/1-31/3/2022
Governmental measures	**(92)**	**(23)**
Bank levies	(92)	(23)
Compulsory contributions	**(144)**	**(136)**
Resolution fund	(96)	(88)
Deposit insurance fees	(47)	(48)
Other compulsory contributions	0	0
Total	**(236)**	**(159)**

(10) Impairment losses on financial assets

in € million	1/1-31/3/2023	1/1-31/3/2022
Loans and advances	(248)	(203)
Debt securities	(48)	(73)
Loan commitments, financial guarantees and other commitments given	(4)	(43)
Total	**(301)**	**(319)**
hereof financial assets - fair value through other comprehensive income	(1)	(6)
hereof financial assets - amortized cost	(296)	(270)

The risk costs, which were slightly below the previous year's level related to Eastern Europe segment at € 306 million, of which € 280 million was attributable to Russia (prior-year period: € 209 million) and € 28 million to Ukraine (prior-year period: € 92 million). In Russia, Stage 1 and Stage 2 allocations amounted to € 223 million, in particular for sanctioned non-financial corporations, while Stage 3 (default) provided € 56 million, both for non-financial corporations and households.

Further details are shown under (13) Financial assets - amortized cost.

(11) Taxes

in € million	1/1-31/3/2023	1/1-31/3/2022
Current income taxes	(266)	(67)
Austria	(3)	(2)
Foreign	(262)	(65)
Deferred taxes	90	(2)
Total	**(176)**	**(69)**
Effective tax rate	20.1 %	13.5 %

Income taxes increased € 108 million to € 176million. This was mainly due to the significant increase in profit, particularly in the Eastern Europe segment (up € 77 million) and in the Southeastern Europe segment (up € 16 million). In Central Europe segment, the introduction of a special tax (windfall tax) in the Czech Republic (€ 8 million) was primarily responsible for the increase of € 10 million. At 20.1 per cent, the effective tax rate was 7 percentage points higher than in the comparable period. This was mainly due to the market turmoil in Russia and the increase in the own credit spreads as a result of the Russian war of aggression against Ukraine in the comparable period, which led to a high trading result and thus to a higher profit contribution from head office in the previous year, which was offset by corresponding loss carry forwards.

Tax assets

in € million	31/3/2023	31/12/2022
Current tax assets	105	100
Deferred tax assets	328	269
Tax claims from temporary differences	309	249
Loss carry forwards	19	20
Total	**433**	**369**

Tax liabilities

in € million	31/3/2023	31/12/2022
Current tax liabilities	196	181
Deferred tax liabilities	27	36
Total	**223**	**217**

Financial assets measured at amortized cost

(12) Cash, balances at central banks and other demand deposits

in € million	31/3/2023	31/12/2022
Cash in hand	4,939	5,095
Balances at central banks	26,327	32,984
Other demand deposits at banks	20,244	15,604
Total	**51,511**	**53,683**

The item cash, balances at central banks and other demand deposits at banks decreased a total of € 2,172 million.This decrease resulted from balances at central banks, which was partly offset by an increase in other demand deposits at banks.

Under the item cash in hand, Ukraine, Russia, and Belarus reported a total of € 2,551 million, and Russia accounted for the largest portion.

Most of the decrease in balances at central banks was attributable to head office at € 5,129 million. This item also includes the minimum reserve, which is not freely available, and which amounted to € 70 million on the reporting date (previous year: € 20 million).

The increase in other demand deposits at banks came primarily from head office (€ 2,916 million) and Croatia (€ 1,149 million).

On the reporting date, Ukraine, Russia, and Belarus reported cash and cash equivalents of € 1,882 million that are currently subject to legal restrictions and are therefore not available for general use by head office.

(13) Financial assets – amortized cost

in € million	31/3/2023 Gross carrying amount	31/3/2023 Accumulated impairment	31/3/2023 Carrying amount	31/12/2022 Gross carrying amount	31/12/2022 Accumulated impairment	31/12/2022 Carrying amount
Debt securities	**20,982**	**(202)**	**20,779**	**19,117**	**(157)**	**18,960**
Central banks	4	0	4	4	0	4
General governments	16,233	(55)	16,178	14,627	(46)	14,581
Banks	2,871	(1)	2,870	2,668	(1)	2,667
Other financial corporations	1,056	(84)	972	988	(52)	936
Non-financial corporations	818	(62)	755	830	(58)	771
Loans and advances	**125,337**	**(3,058)**	**122,279**	**121,443**	**(2,973)**	**118,471**
Central banks	9,201	0	9,200	8,814	0	8,814
General governments	2,240	(7)	2,234	2,149	(7)	2,143
Banks	8,261	(22)	8,240	6,913	(13)	6,901
Other financial corporations	13,463	(132)	13,331	11,508	(148)	11,360
Non-financial corporations	50,509	(1,653)	48,856	50,358	(1,609)	48,749
Households	41,663	(1,245)	40,418	41,701	(1,196)	40,505
Total	**146,318**	**(3,260)**	**143,058**	**140,561**	**(3,130)**	**137,431**

The carrying amount of the item financial assets – amortized cost increased by € 5,628 million compared to year-end 2022.

The € 3,808 million increase in lending was mainly due to short-term business (up € 3,788 million), especially at head office (up € 1,843 million) and in the Czech Republic (up € 953 million), mainly from repo business, as well as in Belarus (up € 721 million). The increase in loans to non-financial corporations (up € 107 million) in Romania (up € 379 million) was partly compensated by a currency-driven decrease in Russia (down € 138 million). Loans to households decreased € 87 million, while the decline of loan volume in Russia (down € 433 million) was partly counterbalanced by increases in almost all markets, with the exception of Eastern Europe, mainly in the Czech Republic (up € 327 million) and at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (up € 96 million).

The increase in debt securities (up € 1,819 million) resulted predominantly from purchases of government bonds (up € 1,597 million), mainly in the Czech Republic (up € 613 million), at head office (up € 329 million) and in Romania (up € 192 million).

In addition, there are financial assets – amortized cost of € 450 million in Russia from payments by issuers of local debt instruments that cannot currently be passed on to foreign investors due to existing US and EU sanctions and are therefore deposited with the Russian Deposit Insurance Agency. They are not available for general use by head office.

RBI's credit portfolio is well diversified in terms of type of customer, geographical region, and industry. The following tables show the financial assets – amortized cost by counterparty. This reveals the bank's focus on non-financial corporations and households.

Gross carrying amount

in € million	31/3/2023 Stage 1	31/3/2023 Stage 2	31/3/2023 Stage 3	31/3/2023 POCI	31/12/2022 Stage 1	31/12/2022 Stage 2	31/12/2022 Stage 3	31/12/2022 POCI
Central banks	9,126	79	0	0	8,680	138	0	0
General governments	17,329	970	175	0	15,653	954	169	0
Banks	10,861	265	6	0	9,236	342	4	0
Other financial corporations	12,375	1,967	77	100	10,010	2,311	75	100
Non-financial corporations	39,029	10,808	1,298	192	38,774	10,802	1,477	135
Households	32,731	7,730	1,068	133	33,385	7,135	1,047	134
hereof mortgage	22,341	5,787	369	89	22,770	5,463	385	90
Total	**121,451**	**21,818**	**2,623**	**425**	**115,737**	**21,681**	**2,772**	**370**

Accumulated impairments

in € million	31/3/2023 Stage 1	Stage 2	Stage 3	POCI	31/12/2022 Stage 1	Stage 2	Stage 3	POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(5)	(51)	(5)	0	(5)	(42)	(5)	0
Banks	(9)	(10)	(3)	0	(1)	(9)	(4)	0
Other financial corporations	(18)	(146)	(33)	(19)	(15)	(136)	(34)	(15)
Non-financial corporations	(170)	(642)	(841)	(62)	(165)	(495)	(941)	(66)
Households	(149)	(352)	(710)	(35)	(145)	(327)	(688)	(36)
hereof mortgage	(33)	(138)	(190)	(22)	(35)	(140)	(201)	(23)
Total	**(351)**	**(1,201)**	**(1,592)**	**(116)**	**(332)**	**(1,010)**	**(1,671)**	**(117)**

ECL coverage ratio

	31/3/2023 Stage 1	Stage 2	Stage 3	POCI	31/12/2022 Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0 %	0.0 %	-	-	0.0 %	0.0 %	-	-
General governments	0.0 %	5.3 %	2.9 %	0.0 %	0.0 %	4.4 %	3.0 %	0.0 %
Banks	0.1 %	3.8 %	59.4 %	-	0.0 %	2.6 %	81.9 %	-
Other financial corporations	0.1 %	7.4 %	43.4 %	19.1 %	0.2 %	5.9 %	44.7 %	15.0 %
Non-financial corporations	0.4 %	5.9 %	64.8 %	32.1 %	0.4 %	4.6 %	63.7 %	48.7 %
Households	0.5 %	4.5 %	66.5 %	26.6 %	0.4 %	4.6 %	65.7 %	26.9 %
hereof mortgage	0.1 %	2.4 %	51.4 %	24.3 %	0.2 %	2.6 %	52.2 %	25.5 %
Total	**0.3 %**	**5.5 %**	**60.7 %**	**27.3 %**	**0.3 %**	**4.7 %**	**60.3 %**	**31.7 %**

Development of impairments

Development of impairments on loans and bonds in the measurement categories of financial assets – amortized cost, financial assets – fair value through other comprehensive income and other demand deposits at banks:

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2023	**333**	**1,026**	**1,673**	**117**	**3,150**
Discontinued operations	-	-	-	-	-
Increases due to origination and acquisition	69	33	4	0	106
Decreases due to derecognition	(16)	(42)	(90)	(4)	(152)
Changes due to change in credit risk (net)	(29)	209	113	6	300
Changes due to modifications without derecognition (net)	0	0	1	0	0
Decrease due to write-offs	0	(1)	(83)	(4)	(88)
Change in consolidated group	0	0	0	0	0
Foreign exchange and other	(5)	(11)	(23)	0	(39)
As at 31/3/2023	**352**	**1,214**	**1,594**	**116**	**3,277**
hereof fair value through other comprehensive income	1	13	1	0	15
hereof other demand deposits at banks	0	0	1	0	1

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2022	**196**	**687**	**1,567**	**118**	**2,569**
Discontinued operations	1	0	(1)	0	1
Increases due to origination and acquisition	28	25	5	0	58
Decreases due to derecognition	(18)	(56)	(138)	(18)	(230)
Changes due to change in credit risk (net)	17	245	146	14	423
Changes due to modifications without derecognition (net)	0	0	0	0	0
Decrease due to write-offs	0	0	(23)	(1)	(24)
Change in consolidated group	0	1	(2)	0	(1)
Foreign exchange and other	(10)	4	(11)	(1)	(18)
As at 31/3/2022	**215**	**906**	**1,544**	**113**	**2,778**
hereof fair value through other comprehensive income	1	7	0	0	8
hereof other demand deposits at banks	0	0	5	0	5

Carrying amounts of financial assets – amortized cost by rating categories and stages

The credit quality analysis of financial assets is a point in time assessment of the probability of default of the assets.

- Excellent are exposures which demonstrate a strong capacity to meet financial commitments, with negligible or no probability of default (PD range >0.0000 ≤ 0.0300 per cent).
- Strong are exposures which demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default (PD range >0.0300 ≤ 0.1878 per cent).
- Good are exposures which demonstrate a good capacity to meet financial commitments, with low default risk (PD range >0.1878 ≤ 1.1735 per cent).
- Satisfactory are exposures which require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk (PD range >1.1735 ≤ 7.3344 per cent).
- Substandard are exposures which require varying degrees of special attention and default risk is of greater concern (PD range >7.3344 < 100.0 per cent).
- Credit-impaired are exposures which have been assessed as impaired (PD range 100.0 per cent).

The following table shows the connection between the rating categories and stages according to IFRS 9. It should be noted that for financial assets in Stage 1 and Stage 2, due to the relative nature of a significant increase in credit risk, it is not necessarily the case that Stage 2 assets have a lower credit rating than Stage 1 assets, although this is normally the case.

31/3/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	19,454	568	0	0	20,022
Strong	38,118	3,337	0	1	41,457
Good	37,823	7,674	0	7	45,503
Satisfactory	20,091	6,273	0	15	26,380
Substandard	2,616	3,522	0	20	6,158
Credit impaired	0	0	2,504	364	2,868
Not rated	3,348	444	120	17	3,930
Gross carrying amount	**121,451**	**21,818**	**2,623**	**425**	**146,318**
Accumulated impairment	(351)	(1,201)	(1,592)	(116)	(3,260)
Carrying amount	**121,100**	**20,618**	**1,031**	**309**	**143,058**

31/12/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	18,434	601	0	0	19,035
Strong	37,450	3,772	0	4	41,226
Good	35,444	6,956	0	6	42,406
Satisfactory	19,230	6,738	0	13	25,982
Substandard	2,212	3,322	0	20	5,553
Credit impaired	0	0	2,667	304	2,970
Not rated	2,966	292	106	24	3,388
Gross carrying amount	**115,737**	**21,681**	**2,772**	**370**	**140,561**
Accumulated impairment	(332)	(1,010)	(1,671)	(117)	(3,130)
Carrying amount	**115,405**	**20,672**	**1,101**	**253**	**137,431**

The category not rated mainly includes financial assets for households (predominantly in Serbia, Slovakia, and Croatia), for whom no ratings are available. The rating is therefore based on qualitative factors.

(14) Financial liabilities - amortized cost

in € million	31/3/2023	31/12/2022
Deposits from banks	**34,976**	**33,612**
Current accounts/overnight deposits	15,848	13,552
Deposits with agreed maturity	12,271	17,590
Repurchase agreements	6,857	2,470
Deposits from customers	**124,688**	**125,017**
Current accounts/overnight deposits	89,436	93,686
Deposits with agreed maturity	34,373	31,214
Repurchase agreements	880	117
Debt securities issued	**17,055**	**14,559**
Covered bonds	3,277	2,494
Hybrid contracts	504	483
Other debt securities issued	13,273	11,583
hereof convertible compound financial instruments	1,809	1,348
hereof non-convertible	11,464	10,235
Other financial liabilities	**1,252**	**1,955**
Total	**177,971**	**175,142**
hereof subordinated financial liabilities	2,654	2,614
hereof lease liabilities	389	394

Within the item deposits from banks, current accounts/overnight deposits increased € 2,194 million at head office. This contrasted with a decline in deposits with agreed maturity, including particularly € 5,106 million at head office and € 419 million in Slovakia. In both cases, the decrease was mainly due to the early repayment of TLTRO instruments. As at the reporting date, the volume of these instruments amounted to € 4,084 million. For further information on the applied accounting method for TLTRO instruments, please refer to the Annual Report 2022. Most of the increase in sale and repurchase agreements was recorded at head office (up € 3,767 million).

Current accounts/overnight deposits from customers decreased group-wide (down € 4,251 million). Only in Russia, an inflow primarily from deposits from non-financial corporations lead to an increase of € 1,117 million. A contrasting trend was registered with deposits with agreed maturity, which increased by € 3,159 million across the Group. This development was offset by declines at head office (down € 1,098 million) and in Russia (down € 479 million).

Covered bonds rose € 493 million at head office and € 443 million in Slovakia. Issues in the Czech Republic resulted in an increase of € 539 million in convertible debt securities issued. Issues at head office and in Slovakia increased the non-convertible debt securities issued by € 1,192 million. Other financial liabilities decreased particularly sharply in Russia as at the reporting date due to pending transactions.

Deposits from banks and customers by asset classes:

in € million	31/3/2023	31/12/2022
Central banks	4,968	8,915
General governments	3,121	2,892
Banks	30,008	24,697
Other financial corporations	12,484	13,208
Non-financial corporations	49,850	50,041
Households	59,233	58,876
Total	**159,664**	**158,629**

(15) Fair value of financial instruments not reported at fair value

31/3/2023 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**51,511**	**0**	**51,511**	**51,511**	**0**
Financial assets - amortized cost	**16,783**	**1,767**	**119,353**	**137,902**	**143,058**	**(5,156)**
Debt securities	16,783	1,767	1,565	20,115	20,779	(665)
Loans and advances	0	0	117,788	117,788	122,279	(4,491)
Equity and liabilities						
Financial liabilities - amortized cost	**264**	**14,544**	**161,816**	**176,624**	**177,582**	**(958)**
Deposits from banks and customers[1]	0	0	159,188	159,188	159,275	(86)
Debt securities issued	264	14,544	1,375	16,183	17,055	(871)
Other financial liabilities	0	0	1,252	1,252	1,252	0

1 Not including lease liabilities in accordance with IFRS 7
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

31/12/2022 in € million	Level I	Level II	Level III	Fair Value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**53,683**	**0**	**53,683**	**53,683**	**0**
Financial assets - amortized cost	**15,260**	**1,452**	**116,767**	**133,479**	**137,431**	**(3,951)**
Debt securities	15,260	1,452	1,426	18,138	18,960	(822)
Loans and advances	0	0	115,341	115,341	118,471	(3,130)
Equity and liabilities						
Financial liabilities - amortized cost	**263**	**13,676**	**160,571**	**174,510**	**174,748**	**(238)**
Deposits from banks and customers[1]	0	0	157,675	157,675	158,235	(560)
Debt securities issued	263	13,676	942	14,881	14,559	322
Other financial liabilities	0	0	1,955	1,955	1,955	0

1 Not including lease liabilities in accordance with IFRS 7
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

Financial assets measured at fair value

(16) Financial assets – fair value through other comprehensive income

31/3/2023 in € million	Gross carrying amount	Accumulated impairment	Cumulative other comprehensive income	Carrying amount
Equity instruments	**178**	**–**	**–**	**178**
Banks	0	–	–	0
Other financial corporations	99	–	–	99
Non-financial corporations	79	–	–	79
Debt securities	**2,993**	**(15)**	**(96)**	**2,882**
General governments	2,151	(14)	(80)	2,058
Banks	712	0	(12)	700
Other financial corporations	3	0	0	3
Non-financial corporations	127	(2)	(5)	121
Total	**3,171**	**(15)**	**(96)**	**3,060**

31/12/2022 in € million	Gross carrying amount	Accumulated impairment	Cumulative other comprehensive income	Carrying amount
Equity instruments	**169**	**–**	**–**	**169**
Banks	0	–	–	0
Other financial corporations	99	–	–	99
Non-financial corporations	69	–	–	69
Debt securities	**3,160**	**(15)**	**(111)**	**3,034**
General governments	2,291	(13)	(92)	2,186
Banks	730	0	(13)	717
Other financial corporations	3	0	0	3
Non-financial corporations	136	(1)	(6)	128
Total	**3,328**	**(15)**	**(111)**	**3,203**

Carrying amounts of financial assets – fair value through other comprehensive income, excluding equity instruments, by rating categories and stages:

31/3/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	445	0	0	0	445
Strong	1,461	0	0	0	1,461
Good	902	10	0	0	912
Satisfactory	1	2	0	0	4
Substandard	0	111	0	0	111
Credit impaired	0	0	2	0	2
Not rated	59	0	0	0	59
Gross carrying amount	**2,869**	**123**	**2**	**0**	**2,993**
Accumulated impairment	(1)	(13)	(1)	0	(15)
Cumulative other comprehensive income	(100)	4	0	0	(96)
Carrying amount	**2,768**	**113**	**1**	**0**	**2,882**

31/12/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	587	0	0	0	587
Strong	1,676	0	0	0	1,676
Good	714	2	0	0	716
Satisfactory	0	27	0	0	27
Substandard	0	132	0	0	132
Credit impaired	0	0	2	0	2
Not rated	19	0	0	0	19
Gross carrying amount	**2,997**	**160**	**2**	**0**	**3,160**
Accumulated impairment	(1)	(13)	(1)	0	(15)
Cumulative other comprehensive income	(115)	3	0	0	(111)
Carrying amount	**2,881**	**150**	**2**	**0**	**3,034**

(17) Non-trading financial assets – mandatorily fair value through profit/loss

in € million	31/3/2023	31/12/2022
Equity instruments	**6**	**6**
Other financial corporations	6	6
Non-financial corporations	0	0
Debt securities	**343**	**276**
General governments	122	69
Banks	19	12
Other financial corporations	184	182
Non-financial corporations	18	12
Loans and advances	**498**	**475**
General governments	1	1
Banks	2	2
Other financial corporations	25	30
Non-financial corporations	83	80
Households	388	362
Total	**848**	**757**

(18) Financial assets and liabilities – designated fair value through profit/loss

Financial assets – designated fair value through profit/loss

in € million	31/3/2023	31/12/2022
Debt securities	**87**	**84**
General governments	47	43
Banks	25	26
Non-financial corporations	14	15
Total	**87**	**84**

Financial liabilities – designated fair value through profit/loss

in € million	31/3/2023	31/12/2022
Deposits from banks	**29**	**29**
Deposits with agreed maturity	29	29
Deposits from customers	**88**	**82**
Deposits with agreed maturity	88	82
Debt securities issued	**919**	**839**
Hybrid contracts	1	1
Other debt securities issued	919	838
hereof non-convertible	919	838
Total	**1,036**	**950**
hereof subordinated financial liabilities	88	89

(19) Financial assets – held for trading

in € million	31/3/2023	31/12/2022
Derivatives	**4,472**	**5,059**
Interest rate contracts	3,394	3,912
Equity contracts	123	35
Foreign exchange rate and gold contracts	911	1,075
Credit contracts	11	11
Commodities	3	3
Other	31	23
Equity instruments	**335**	**287**
Banks	26	37
Other financial corporations	120	100
Non-financial corporations	189	149
Debt securities	**1,848**	**1,064**
Central banks	77	0
General governments	1,433	719
Banks	226	211
Other financial corporations	34	63
Non-financial corporations	79	71
Loans and advances	**0**	**0**
Non-financial corporations	0	0
Total	**6,655**	**6,411**

Within the item financial assets – held for trading, the securities pledged as collateral, which the recipient is entitled to sell or pledge, amounted to € 62 million (previous year: € 41 million).

The increase in debt securities was mainly due to the purchase of sovereign bonds at head office, partly compensated by a volume and interest-related decrease in derivatives.

Derivative financial instruments

31/3/2023	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**189,418**	**4,127**	**(4,049)**
Interest rate contracts	128,985	3,106	(3,295)
Equity contracts	4,772	123	(2)
Foreign exchange rate and gold contracts	53,378	855	(742)
Credit contracts	1,210	9	(4)
Commodities	34	3	0
Other	1,040	31	(5)
Banking book	**19,065**	**345**	**(186)**
Interest rate contracts	12,428	287	(135)
Foreign exchange rate and gold contracts	6,617	56	(45)
Credit contracts	20	2	(7)
Total	**208,483**	**4,472**	**(4,235)**
OTC products	202,575	4,439	(4,188)
Products traded on stock exchange	5,908	33	(47)

31/12/2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**149,831**	**4,601**	**(4,552)**
Interest rate contracts	99,495	3,585	(3,701)
Equity contracts	4,375	35	(2)
Foreign exchange rate and gold contracts	43,414	944	(825)
Credit contracts	1,452	11	(8)
Commodities	35	3	0
Other	1,060	23	(16)
Banking book	**56,072**	**458**	**(250)**
Interest rate contracts	48,590	326	(195)
Foreign exchange rate and gold contracts	7,466	131	(52)
Credit contracts	16	1	(4)
Total	**205,902**	**5,059**	**(4,802)**
OTC products	198,722	4,936	(4,762)
Products traded on stock exchange	4,618	86	(13)

(20) Financial liabilities – held for trading

in € million	31/3/2023	31/12/2022
Derivatives	**4,235**	**4,802**
Interest rate contracts	3,430	3,896
Equity contracts	2	2
Foreign exchange rate and gold contracts	787	877
Credit contracts	11	12
Commodities	0	0
Other	5	16
Short positions	**487**	**91**
Equity instruments	5	7
Debt securities	482	83
Debt securities issued	**3,847**	**3,560**
Certificates of deposits	0	172
Hybrid contracts	3,847	3,388
Other financial liabilities	**1**	**1**
Total	**8,571**	**8,453**

(21) Hedge accounting and fair value adjustments of the hedged items in portfolio hedge

in € million	31/3/2023	31/12/2022
Positive fair values of derivatives in micro fair value hedge	**555**	**611**
Interest rate contracts	555	611
Positive fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Positive fair values of derivatives in net investment hedge	**0**	**4**
Positive fair values of derivatives in portfolio hedge	**944**	**991**
Cash flow hedge	127	100
Fair value hedge	816	891
Total	**1,500**	**1,608**

in € million	31/3/2023	31/12/2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(823)	(947)
Total	**(823)**	**(947)**

The positive fair values of hedging instruments in micro fair value hedges decreased € 56 million to € 555 million. Despite higher nominal values at head office and in Hungary, the decline was due to the slightly lower level of mid- and long-term interest rates compared to the previous year.

The positive fair values of hedging instruments in portfolio fair value hedges decreased € 48 million to € 944 million. This reduction was primarily due to reduced hedged volumes at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. In addition, lower medium and long-term interest rates also contributed to the decline.

The negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the asset side recorded an opposing trend and decreased € 124 million to minus € 823 million. The decrease mainly resulted from the fixed-rate loans of Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (down € 29 million). The Czech Republic and Russia accounted for the remaining changes (minus € 40 million each).

in € million	31/3/2023	31/12/2022
Negative fair values of derivatives in micro fair value hedge	**539**	**605**
Interest rate contracts	539	605
Negative fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Negative fair values of derivatives in net investment hedge	**21**	**34**
Negative fair values of derivatives in portfolio hedge	**1,347**	**1,414**
Cash flow hedge	69	87
Fair value hedge	1,278	1,328
Total	**1,908**	**2,054**

in € million	31/3/2023	31/12/2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(1,063)	(1,217)
Total	**(1,063)**	**(1,217)**

The negative fair values of hedging instruments in micro fair value hedges decreased € 66 million to € 539 million. The decrease was primarily attributable to micro fair value hedges at head office (down € 57 million) and resulted partly from a volume-related decrease in hedged interest rate positions and partly from a moderate decline in interest rates.

The interest rate-related decrease of € 67 million to € 1,347 million in the negative fair values of hedging instruments in portfolio fair value hedges resulted primarily from the Czech Republic and Hungary.

On the contrary, the negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the liability side decreased € 154 million to minus € 1,063 million. This change was mainly attributable to the fair value development of hedged liabilities in portfolio hedges in the Czech Republic and Hungary.

31/3/2023	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Hedging instruments	**56,896**	**1,500**	**(1,908)**
Interest rate contracts	55,989	1,500	(1,887)
Foreign exchange rate and gold contracts	907	0	(21)
Total	**56,896**	**1,500**	**(1,908)**

31/12/2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Hedging instruments	**52,670**	**1,608**	**(2,054)**
Interest rate contracts	51,710	1,604	(2,020)
Foreign exchange rate and gold contracts	960	4	(34)
Total	**52,670**	**1,608**	**(2,054)**

(22) Notes to fair value of financial instruments

In the tables below, the financial instruments reported at fair value in the statement of financial position are grouped according to items in the statement of financial position.

Assets	31/3/2023			31/12/2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial assets - held for trading	**1,739**	**4,904**	**11**	**1,010**	**5,371**	**29**
Derivatives	4	4,467	0	3	5,057	0
Equity instruments	319	16	0	271	16	0
Debt securities	1,415	422	11	736	299	29
Loans and advances	0	0	0	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	**241**	**53**	**554**	**150**	**80**	**527**
Equity instruments	1	5	0	1	5	0
Debt securities	240	48	55	149	74	52
Loans and advances	0	0	498	0	0	475
Financial assets - designated fair value through profit/loss	**52**	**35**	**0**	**48**	**36**	**0**
Debt securities	52	35	0	48	36	0
Financial assets - fair value through other comprehensive income	**2,326**	**498**	**236**	**2,441**	**536**	**225**
Equity instruments	20	0	158	17	2	150
Debt securities	2,306	498	78	2,424	535	75
Hedge accounting	**0**	**1,500**	**0**	**0**	**1,608**	**0**

Equity and liabilities	31/3/2023			31/12/2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**482**	**8,088**	**0**	**93**	**8,360**	**0**
Derivatives	8	4,228	0	6	4,796	0
Short positions	473	13	0	86	5	0
Debt securities issued	0	3,847	0	0	3,560	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,036**	**0**	**0**	**950**	**0**
Deposits	0	116	0	0	111	0
Debt securities issued	0	919	0	0	839	0
Hedge accounting	**0**	**1,908**	**0**	**0**	**2,054**	**0**

Movements of financial instruments valued at fair value between Level I and Level II

As at 31 March 2023, only derived prices were available for financial instruments amounting to € 16 million. For example, the BVAL value (Bloomberg Evaluation) was used instead of the BGN value (Bloomberg Generic Price). Consequently, these bonds were reclassified from Level I to Level II. The shifts from Level II to Level I related to bonds totaling € 24 million, for which market values were available at the reporting date.

Movements of financial instruments at fair value in Level III

The total portfolio of Level III assets saw a net increase of € 20 million in the reporting period. Essentially, the volume of government bonds in the measurement categories financial assets - held for trading and financial assets - fair value through other comprehensive income decreased by € 17 million net. The reason for this decrease were disposals in Albania and Russia. Financial instruments mandatorily recognized at fair value increased € 27 million net, mainly due to loans in Hungary and Austria. Financial assets - at fair value through other comprehensive income increased € 11 million, on the one hand due to additions of about € 7 million, and on the other hand due to realized profits. Around € 13 million was based on exchange rate fluctuations.

Assets in € million	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	29	0	(1)	14	(22)
Non-trading financial assets - mandatorily fair value through profit/loss	527	0	15	18	(21)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	225	0	0	7	0
Total	**781**	**0**	**13**	**39**	**(43)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2023
Financial assets - held for trading	(9)	0	0	0	11
Non-trading financial assets - mandatorily fair value through profit/loss	15	0	0	0	554
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	1	4	0	0	236
Total	**7**	**4**	**0**	**0**	**801**

Equity and liabilities in € million[1]	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Equity and liabilities in € million[1]	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2023
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

1 Values stated at 0 contain fair values of less than half a million euros.

Qualitative information on the valuation of financial instruments in Level III

Assets 31/3/2023	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**11**			
Supplementary capital	0	Indicative prices	Indications	0
Treasury bills, fixed coupon bonds	11	DCF method	Credit spread	0.5 - 47.71%
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 30%
Non-trading financial assets - mandatorily fair value through profit/loss	**554**			
Other interests	0	Simplified net present value method Expert opinion		
Bonds, notes and other fixed-interest securities	55	Net asset value Financing auction/transaction costs Market price indication	(Auction-) Price	
Loans	498	Retail: DCF method (Black Scholes, prepayment option, withdrawal option etc.) Non-Retail: DCF method/ Financial option pricing Black Scholes (shifted), Hull-White trinominal tree	Discount spread (new business) Funding curves (liquidity costs) Credit risk premium (CDS curves)	1.60 - 3.51% over all currencies -0.29 -3.33% over all currencies 0.13- 10.47% (depending on the rating: from A to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net assets	Price	–
Financial assets - fair value through other comprehensive income	**236**			
Other interests	44	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	58	Adjusted net asset value	Adjusted equity	–
Other interests	56	Market comparable companies Transaction price Purchase price Cost approach Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Treasury bills, municipal bonds	78	DCF method	Interest rate	–
Total	**801**			

Equity and liabilities 31/3/2023	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 50%
Total	**0**			

1 Values stated at 0 contain fair values of less than half a million euros.

Other assets and liabilities and equity

(23) Investments in subsidiaries and associates

in € million	31/3/2023	31/12/2022
Investments in affiliated companies	184	193
Investments in associates valued at equity	545	520
Total	**729**	**713**

(24) Tangible and intangible fixed assets

in € million	31/3/2023	31/12/2022
Tangible fixed assets	**1,681**	**1,684**
Land and buildings used by the group for own purpose	481	494
Office furniture, equipment and other tangible fixed assets	324	332
Investment property	402	389
Other leased assets (operating lease)	100	95
Right-of-use assets	374	374
Intangible fixed assets	**890**	**903**
Software	758	767
Goodwill	44	44
Brand	2	2
Customer relationships	12	13
Core deposits intangibles	60	60
Other intangible fixed assets	14	17
Total	**2,572**	**2,587**

(25) Other assets

in € million	31/3/2023	31/12/2022
Prepayments and other deferrals	356	350
Merchandise inventory and suspense accounts for services rendered not yet charged out	186	148
Other assets	806	662
Total	**1,349**	**1,159**

(26) Provisions

in € million	31/3/2023	31/12/2022
Provisions for off-balance sheet items	**245**	**245**
Other commitments and guarantees given according to IFRS 9	237	236
Other commitments and guarantees given according to IAS 37	9	10
Provisions for staff	**440**	**495**
Pensions and other post employment defined benefit obligations	176	176
Other long-term employee benefits	44	44
Bonus payments	217	272
Termination benefits	3	4
Other provisions	**742**	**739**
Pending legal issues and tax litigation	362	448
Restructuring	6	7
Onerous contracts	58	57
Other provisions	317	226
Total	**1,427**	**1,479**

Details on provisions for pending legal issues and tax litigation are available under (37) Pending legal issues.

(27) Other liabilities

in € million	31/3/2023	31/12/2022
Provisions for overdue vacations	75	72
Liabilities from insurance activities	269	271
Deferred income and accrued expenses	538	509
Sundry liabilities	798	363
Total	**1,679**	**1,215**

The increase in sundry liabilities was mainly due to transactions related to clearing, settlement and payment services that had not been settled at the reporting date, especially at head office and in Russia, as well as from a special bank levy of € 67 million in Hungary which was booked for the full year in the first quarter 2023.

(28) Equity and non-controlling interests

in € million	31/3/2023	31/12/2022
Consolidated equity	16,460	16,027
Subscribed capital	1,002	1,002
Capital reserves	4,989	4,990
Retained earnings	14,300	13,637
hereof consolidated profit/loss	657	3,627
Cumulative other comprehensive income	(3,832)	(3,601)
Non-controlling interests	1,159	1,127
Additional tier 1	1,606	1,610
Total	**19,225**	**18,764**

As at 31 March 2023, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million and the subscribed capital consisted of 328,939,621 non-par bearer shares. After deduction of own shares of 528,274 the stated subscribed capital totaled € 1,002 million.

Notes to financial instruments

(29) Loan commitments, financial guarantees and other commitments

in € million	31/3/2023	31/12/2022
Loan commitments given	36,596	37,193
Financial guarantees given	9,323	9,370
Other commitments given	5,254	4,580
Total	**51,173**	**51,143**
Provisions for off-balance sheet items according to IFRS 9	(237)	(236)

In addition to the provisions for off-balance sheet risks according to IFRS 9 presented, provisions of € 9 million were recognized for other commitments given in accordance with IAS 37 (previous year: € 10 million).

Nominal value and provisions for off-balance sheet liabilities from commitments and financial guarantees according to IFRS 9 shown by counterparties and stages – in accordance with § 51 (13) of the Austrian Banking Act (BWG):

31/3/2023	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL coverage ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1 %	-	-
General governments	364	2	41	0	0	0	0.0 %	0.2 %	0.2 %
Banks	2,191	263	0	(1)	(2)	0	0.0 %	0.7 %	-
Other financial corporations	5,075	1,146	19	(6)	(6)	(1)	0.1 %	0.5 %	6.7 %
Non-financial corporations	28,144	6,988	145	(41)	(104)	(40)	0.1 %	1.5 %	27.4 %
Households	5,739	1,041	16	(15)	(10)	(12)	0.3 %	0.9 %	72.2 %
Total	**41,512**	**9,439**	**222**	**(62)**	**(122)**	**(53)**	**0.1 %**	**1.3 %**	**23.9 %**

31/12/2022	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL coverage ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1 %	-	-
General governments	317	6	41	0	0	0	0.0 %	2.7 %	0.0 %
Banks	1,967	307	10	0	(5)	(1)	0.0 %	1.5 %	10.0 %
Other financial corporations	5,350	1,235	7	(5)	(6)	(1)	0.1 %	0.5 %	18.1 %
Non-financial corporations	27,874	6,878	152	(45)	(94)	(43)	0.2 %	1.4 %	28.0 %
Households	5,939	1,043	16	(14)	(10)	(12)	0.2 %	0.9 %	72.3 %
Total	**41,447**	**9,470**	**227**	**(64)**	**(115)**	**(56)**	**0.2 %**	**1.2 %**	**24.9 %**

Development of provisions for loan commitments, financial guarantees and other commitments given:

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2023	**64**	**115**	**56**	**236**
Increases due to origination and acquisition	11	18	1	30
Decreases due to derecognition	(5)	(22)	(5)	(32)
Changes due to change in credit risk (net)	(9)	14	1	6
Foreign exchange and other	0	(3)	0	(3)
As at 31/3/2023	**62**	**122**	**53**	**237**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2022	**43**	**84**	**58**	**185**
Increases due to origination and acquisition	9	7	1	17
Decreases due to derecognition	(4)	(4)	(4)	(12)
Changes due to change in credit risk (net)	2	32	1	34
Foreign exchange and other	(2)	1	0	(1)
As at 31/3/2022	**48**	**120**	**56**	**224**

Nominal values of off-balance sheet commitments by rating categories and stages:

31/3/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,768	128	0	1,895
Strong	15,622	3,219	0	18,841
Good	17,193	3,833	0	21,026
Satisfactory	4,825	1,730	0	6,555
Substandard	159	472	0	631
Credit impaired	0	0	221	221
Not rated	1,946	57	0	2,004
Nominal amount	**41,512**	**9,439**	**222**	**51,173**
Provisions for off-balance sheet items according to IFRS 9	(62)	(122)	(53)	(237)
Nominal amount after provisions	**41,451**	**9,317**	**169**	**50,936**

31/12/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	2,158	127	0	2,285
Strong	15,967	3,093	0	19,059
Good	16,450	3,883	0	20,333
Satisfactory	4,723	1,860	0	6,583
Substandard	228	441	0	669
Credit impaired	0	0	226	226
Not rated	1,921	66	1	1,987
Nominal amount	**41,447**	**9,470**	**227**	**51,143**
Provisions for off-balance sheet items according to IFRS 9	(64)	(115)	(56)	(236)
Nominal amount after provisions	**41,383**	**9,355**	**170**	**50,908**

The category not rated includes off-balance sheet commitments for some private individuals for whom no ratings are available. The rating is therefore based on qualitative factors.

(30) Forward-looking information

The most significant assumptions used as a starting point for the expected credit loss estimates at quarter-end are shown below (source: Raiffeisen Research, February 2023).

Since 10-year government bonds are not issued either in Ukraine or Belarus, there are no long-term reference rates in these countries. Belarus also lacks a short-term reference rate.

		Real GDP			Unemployment		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	2.8 %	4.1 %	4.0 %	3.0 %	3.4 %	4.1 %
	Base	1.2 %	2.7 %	3.0 %	6.8 %	6.7 %	6.5 %
	Downside scenario	(1.5)%	0.3 %	1.3 %	10.5 %	9.9 %	8.8 %
Ukraine	Upside scenario	3.9 %	9.3 %	7.8 %	11.0 %	9.1 %	8.4 %
	Base	1.8 %	7.5 %	6.5 %	12.0 %	10.0 %	9.0 %
	Downside scenario	(1.5)%	4.6 %	4.4 %	13.0 %	10.9 %	9.6 %
Belarus	Upside scenario	1.5 %	2.3 %	2.9 %	3.3 %	3.3 %	3.5 %
	Base	0.0 %	1.0 %	2.0 %	4.0 %	4.0 %	4.0 %
	Downside scenario	(2.3)%	(1.0)%	0.6 %	4.7 %	4.6 %	4.5 %
Austria	Upside scenario	1.3 %	2.5 %	2.1 %	4.2 %	4.0 %	4.3 %
	Base	0.5 %	1.8 %	1.6 %	4.9 %	4.7 %	4.8 %
	Downside scenario	(1.1)%	0.4 %	0.6 %	5.6 %	5.3 %	5.3 %
Poland	Upside scenario	1.7 %	4.2 %	4.0 %	4.5 %	4.5 %	4.6 %
	Base	1.0 %	3.6 %	3.5 %	5.1 %	5.7 %	5.8 %
	Downside scenario	(0.4)%	2.4 %	2.6 %	7.6 %	7.6 %	7.7 %
Russia	Upside scenario	0.0 %	2.2 %	1.8 %	3.4 %	3.1 %	3.5 %
	Base	(4.0)%	0.9 %	0.9 %	5.0 %	4.5 %	4.5 %
	Downside scenario	(6.2)%	0.0 %	0.0 %	6.6 %	5.9 %	5.5 %
Romania	Upside scenario	3.7 %	5.8 %	4.9 %	4.0 %	3.7 %	3.6 %
	Base	2.3 %	4.5 %	4.0 %	5.3 %	4.8 %	4.4 %
	Downside scenario	0.7 %	3.1 %	3.0 %	6.6 %	6.0 %	5.2 %
Slovakia	Upside scenario	2.2 %	3.6 %	3.3 %	4.0 %	4.0 %	4.0 %
	Base	1.0 %	2.5 %	2.5 %	6.3 %	6.0 %	5.7 %
	Downside scenario	(1.4)%	0.4 %	1.0 %	10.6 %	9.7 %	8.4 %
Czech Republic	Upside scenario	1.6 %	4.2 %	3.6 %	3.0 %	2.7 %	2.5 %
	Base	0.9 %	3.3 %	2.9 %	4.0 %	3.8 %	3.5 %
	Downside scenario	(1.1)%	1.5 %	1.6 %	5.6 %	5.2 %	5.0 %
Hungary	Upside scenario	2.1 %	4.5 %	4.8 %	1.9 %	2.1 %	2.6 %
	Base	1.0 %	3.5 %	4.1 %	4.3 %	4.2 %	4.1 %
	Downside scenario	(1.1)%	1.6 %	2.8 %	6.6 %	6.2 %	5.6 %

		Long-term bond rate			Real estate prices		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	2.4 %	2.4 %	2.4 %	4.7 %	5.6 %	5.2 %
	Base	3.8 %	3.6 %	3.2 %	2.0 %	3.2 %	3.5 %
	Downside scenario	6.1 %	5.6 %	4.7 %	(4.5)%	(2.5)%	(0.6)%
Ukraine	Upside scenario	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
	Base	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
	Downside scenario	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Belarus	Upside scenario	0.0 %	0.0 %	0.0 %	7.4 %	5.9 %	4.8 %
	Base	0.0 %	0.0 %	0.0 %	3.0 %	2.0 %	2.0 %
	Downside scenario	0.0 %	0.0 %	0.0 %	(3.6)%	(3.8)%	(2.1)%
Austria	Upside scenario	1.7 %	1.4 %	1.5 %	(3.7)%	(3.9)%	1.8 %
	Base	2.8 %	2.4 %	2.3 %	(5.0)%	(5.0)%	1.0 %
	Downside scenario	4.2 %	3.6 %	3.1 %	(8.0)%	(7.6)%	(0.9)%
Poland	Upside scenario	5.1 %	4.0 %	3.5 %	2.8 %	5.6 %	4.1 %
	Base	6.7 %	6.0 %	5.0 %	1.0 %	4.0 %	3.0 %
	Downside scenario	9.5 %	8.4 %	6.7 %	(3.4)%	0.2 %	0.3 %
Russia	Upside scenario	9.5 %	9.0 %	7.7 %	(0.5)%	0.9 %	3.8 %
	Base	10.4 %	9.8 %	8.3 %	(5.0)%	(3.0)%	1.0 %
	Downside scenario	12.8 %	12.0 %	9.8 %	(11.8)%	(8.9)%	(3.2)%
Romania	Upside scenario	6.2 %	5.5 %	4.9 %	3.7 %	5.4 %	4.9 %
	Base	7.6 %	6.7 %	5.7 %	1.5 %	3.5 %	3.5 %
	Downside scenario	8.7 %	7.7 %	6.5 %	(3.8)%	(1.1)%	0.2 %
Slovakia	Upside scenario	2.6 %	2.1 %	2.2 %	3.8 %	6.4 %	5.4 %
	Base	3.8 %	3.2 %	3.0 %	0.0 %	3.0 %	3.0 %
	Downside scenario	5.9 %	5.0 %	4.2 %	(9.2)%	(5.1)%	(2.8)%
Czech Republic	Upside scenario	3.6 %	2.9 %	2.6 %	3.4 %	6.1 %	4.5 %
	Base	4.8 %	3.9 %	3.3 %	1.0 %	4.0 %	3.0 %
	Downside scenario	6.8 %	5.6 %	4.5 %	(4.8)%	(1.1)%	(0.6)%
Hungary	Upside scenario	6.4 %	6.2 %	6.4 %	4.5 %	5.2 %	5.4 %
	Base	7.9 %	7.5 %	7.3 %	1.5 %	2.5 %	3.5 %
	Downside scenario	10.4 %	9.7 %	8.9 %	(5.8)%	(3.9)%	(1.1)%

		Consumer price index			Short-term interest rate		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	8.7 %	4.3 %	2.7 %	2.5 %	2.7 %	2.4 %
	Base	7.5 %	3.3 %	2.0 %	3.3 %	3.4 %	2.9 %
	Downside scenario	5.7 %	1.7 %	0.9 %	4.3 %	4.3 %	3.6 %
Ukraine	Upside scenario	20.1 %	14.6 %	9.1 %	21.9 %	18.9 %	14.0 %
	Base	21.5 %	15.9 %	10.0 %	24.0 %	20.8 %	15.4 %
	Downside scenario	31.1 %	24.3 %	16.0 %	28.3 %	24.6 %	18.0 %
Belarus	Upside scenario	12.6 %	11.4 %	9.2 %	0.0 %	0.0 %	0.0 %
	Base	13.9 %	12.5 %	10.0 %	0.0 %	0.0 %	0.0 %
	Downside scenario	24.1 %	21.4 %	16.4 %	0.0 %	0.0 %	0.0 %
Austria	Upside scenario	6.5 %	3.6 %	2.8 %	2.5 %	2.7 %	2.4 %
	Base	6.0 %	3.1 %	2.5 %	3.3 %	3.4 %	2.9 %
	Downside scenario	5.2 %	2.4 %	2.0 %	4.3 %	4.3 %	3.6 %
Poland	Upside scenario	15.5 %	7.8 %	4.0 %	6.6 %	4.5 %	3.0 %
	Base	13.8 %	6.4 %	3.0 %	7.0 %	6.5 %	4.2 %
	Downside scenario	10.0 %	4.2 %	1.4 %	10.1 %	9.2 %	6.1 %
Russia	Upside scenario	5.3 %	4.0 %	4.0 %	7.6 %	6.8 %	6.0 %
	Base	6.7 %	4.0 %	4.0 %	8.4 %	7.5 %	6.5 %
	Downside scenario	11.5 %	6.0 %	4.0 %	10.6 %	9.5 %	7.9 %
Romania	Upside scenario	11.9 %	6.4 %	4.3 %	4.2 %	3.8 %	2.8 %
	Base	10.4 %	5.1 %	3.4 %	7.3 %	6.6 %	4.8 %
	Downside scenario	7.4 %	2.5 %	1.5 %	13.0 %	11.6 %	8.3 %
Slovakia	Upside scenario	11.9 %	5.8 %	5.2 %	2.5 %	2.7 %	2.4 %
	Base	9.8 %	3.9 %	3.8 %	3.3 %	3.4 %	2.9 %
	Downside scenario	6.5 %	1.0 %	1.8 %	4.3 %	4.3 %	3.6 %
Czech Republic	Upside scenario	12.0 %	4.1 %	3.1 %	6.3 %	4.6 %	2.8 %
	Base	8.8 %	3.2 %	2.4 %	6.9 %	5.1 %	3.1 %
	Downside scenario	7.6 %	2.2 %	1.7 %	7.5 %	5.6 %	3.5 %
Hungary	Upside scenario	19.9 %	7.6 %	5.7 %	13.2 %	6.7 %	5.2 %
	Base	18.0 %	6.0 %	4.5 %	13.6 %	7.1 %	5.5 %
	Downside scenario	15.2 %	3.5 %	2.7 %	15.8 %	9.0 %	6.8 %

The weightings assigned to each scenario at quarter-end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

Overlays and other risk factors

In situations where the existing input parameters, assumptions and modelling do not cover all relevant risk factors, post-model adjustments and specific risk factors are the most important types of overlays. This is generally the case if there are temporary circumstances, time restrictions to adequately incorporate relevant new information into the rating or re-segmentation of the portfolio and if individual loans within a loan portfolio develop differently than originally expected. In view of the given circumstances, in particular the war in Ukraine and the economic dislocations it has caused, it is necessary to reflect additional risks in the impairments. All of these adjustments are approved locally by the subsidiaries and centrally by the Group Risk Committee (GRC). There are portfolio-specific adjustments due to the war and associated sanctions, which are presented in the category geopolitical risk. The only very minor COVID-19 specific adjustments are presented in the category macroeconomic risk.

For the central models in the corporate segment, the additional risk was considered using the risk factors, while in the local retail segment the risks were applied on top of the models. For retail exposures, post-model adjustments are the main types of overlays applied for the calculation of the expected credit losses. Generally, post-model adjustments are only a temporary solution to avoid potential distortions. They are temporary and typically not valid for more than one to two years. The overlays are shown in the table below and split according to the relevant categories. In contrast to post-model adjustments, the other risk factors have a somewhat longer time horizon, an example being if sanctions risk endures for longer or if adjustments are made in the PMA models while ECL overlays are applied to the other risk factors.

31/3/2023 in € million	Modeled ECL	Other special risk factors Macroeconomic risk	Geopolitical risk	Post-model adjustments Macroeconomic risk	Geopolitical risk	Total
Central banks	0	0	0	0	0	0
General governments	60	1	10	0	0	70
Banks	14	0	9	0	0	24
Other financial corporations	178	0	0	0	0	178
Non-financial corporations	134	249	559	13	3	958
Households	452	0	0	65	8	525
Total	**838**	**250**	**578**	**79**	**11**	**1,755**

31/12/2022 in € million	Modeled ECL	Other special risk factors COVID-19 related	Spill-over effects	Russia/ Ukraine war	Post-model adjustments COVID-19 related	Other	Total
Central banks	0	0	0	0	0	0	0
General governments	46	0	1	15	0	0	61
Banks	2	0	0	14	0	0	16
Other financial corporations	163	0	0	0	0	0	163
Non-financial corporations	150	10	251	374	3	15	801
Households	446	0	0	0	3	45	495
Total	**805**	**10**	**251**	**403**	**6**	**60**	**1,535**

The overlays and other risk factors resulted in additional Stage 1 and Stage 2 provisions of € 917 million (previous year: € 729 million). Of this amount, € 589 million (previous year: € 463 million) related to geopolitical risk, € 314 million (previous year: € 251 million) to macroeconomic risk (spill-over effects and other) and € 15 million (previous year: € 16 million) to COVID-19.

Other special risk factors

For corporate customers, additional impairments were recognized in the amount of € 250 million (previous year: € 261 million) for macroeconomic effects (€ 240 million for spill-over effects; previous year: € 251 million) and € 10 million (previous year: € 10 million) for COVID-19. These risks are not included in the country-specific branch matrix. Macroeconomic risk, so called spill-over effects, comprises expected downgrades of corporate clients due to circumstances such as higher energy prices, inflation, supply chain disruptions and due to lower revenues and higher costs because of the higher energy costs. Additional impairments in the amount of € 578 million (previous year: € 403 million) were recognized for EU and US sanctions against Russia and Belarus (€ 505 million) and for the effects of the war in Ukraine (€ 41 million). These impairments were recognized in response to the outbreak of war, the sanctions imposed and the uncertainties that have ensued, and based on RBI's internal monitoring and control policies. Exposures to significant risk factors were also transferred to Stage 2. Recognition of additional credit losses in the amount of € 41 million (previous year: € 38 million) in Ukraine resulted from the modelling of the ongoing destruction of the country's energy infrastructure, ensuing blackouts and an extension of loan maturities.

Post-model adjustments

During the last several quarters the retail customers were severely exposed to increasing inflationary pressure, which impacted their ability to cover their loans obligations. As part of the IFRS 9 framework, there are PD and LGD macro models at country and product level, which serve the need to address these high risks stemming from the macroeconomic environment. However, for certain countries and portfolios where the macroeconomic models either lag behind the key macroeconomic variables (inflation, interest rates, unemployment, etc.) or are not part of the model, post-model adjustments are made for identified high risk customer group. The latter involve a qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2 as well as in particular cases increase of the PD and/or LGD estimates respectively. The criteria for the identification of such exposures is predominantly based on collection and updated application information and further refined with stressed macro variables. The post-model adjustments are reversed either after the risks have materialized by transferring the affected receivables to Stage 3 or if the expected risks do not materialize.

The post-model adjustments for households taken in the previous year related to COVID-19 were almost completely reversed in the reporting year (except for a residual amount of € 5 million).

For the Ukrainian retail portfolio, which has been fully reclassified as Stage 2, the assessment of provision coverage is based on local expert judgement, which is obtained from the regular contact with individual customers by the debt collection department. Furthermore, structured customer surveys are carried out to keep up to date with the needs and potential issues that could influence the repayment ability of the customers.

For assets/customers located in occupied regions or territories, which run a high risk of hostilities or occupation, risk parameters were raised to take into account higher expected future losses due to the above-mentioned surveys. In addition, the scenario-based approach mentioned above for the quantification of potential future losses from the very dynamic situation of the war in the Ukraine was also applied to retail exposures, leading to additional impairments in the amount of € 11 million (previous year: € 10 million).

Sensitivity analysis

To simulate a range for potential changes to estimates and the related change in impairments, the following sensitivity analyses of the most significant assumptions affecting the expected impairments were performed as follows.

The sensitivity analysis involved a recalculation of the impairments for expected credit losses in the existing models. The risk factors and post-model adjustments – except for the Stage 1 simulations – are fully included in all scenarios and are not subject to further adjustments. As a result of the complexity of the model, many drivers are not mutually exclusive.

The tables below provide a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 1 and Stage 2 (weighted by 25 per cent optimistic, 50 per cent baseline and 25 per cent pessimistic scenarios), and then each scenario weighted by 100 per cent on its own. The optimistic and pessimistic scenarios do not reflect extreme cases in the sample space of the 25 per cent optimistic and pessimistic scenarios, but rather an economically plausible proxy. This means that these scenarios are at around 25 per cent and 75 per cent respectively on the distribution curve. In general, IFRS 9 specific estimates of risk parameters take historical default information into account and particularly the current economic environment (point in time) without forward-looking information. The effects of the estimates based on macroeconomic forecasts are shown in the forward-looking component. This information is provided for illustrative purposes.

31/3/2023	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward-looking component
100% Optimistic	1,617	1,509	107
100% Base	1,727	1,509	218
100% Pessimistic	1,959	1,509	450
Weighted average (25/50/25%)	**1,755**	**1,509**	**246**

31/12/2022	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward-looking component
100% Optimistic	1,396	1,282	114
100% Base	1,507	1,282	225
100% Pessimistic	1,732	1,282	450
Weighted average (25/50/25%)	**1,535**	**1,282**	**252**

Overall macroeconomic scenarios are currently worse than the long-term average, so that the forward-looking component results in an increase of € 246 million.

The positive scenario is presented under the premise that all exposures are classified as Stage 1 and all macroeconomic and geopolitical risks are not relevant.

The table below shows the impact of staging on accumulated impairment for financial assets on the assumption that all accumulated impairment is measured based on twelve-month expected losses (Stage 1).

	Accumulated impairment (Stage 1 and 2)	
in € million	31/3/2023	31/12/2022
Accumulated impairment if 100% in Stage 1	695	613
Weighted average (25/50/25%)	1,755	1,535
Additional amounts in Stage 2 due to staging	1,059	921

The negative scenario assumes that all exposures are classified as Stage 2. As a result, all macroeconomic and geopolitical risks are considered in this analysis.

The table below shows the impact of staging on accumulated impairment for financial assets on the assumption that all accumulated impairment is measured based on lifetime expected losses (Stage 2).

	Accumulated impairment (Stage 1 and 2)	
in € million	31/3/2023	31/12/2022
Accumulated impairment if 100% in Stage 2	2,380	2,232
Weighted average (25/50/25%)	1,755	1,535
Additional amounts in Stage 2	625	697

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 3 and the pessimistic scenario weighted by 100 per cent. The pessimistic scenario does not reflect an extreme case from the result range of the 25 per cent most pessimistic scenarios, but an economically plausible representative of it.

	Accumulated impairment (Stage 3)	
in € million	31/3/2023	31/12/2022
Pessimistic scenario	1,957	2,038
Weighted average	1,646	1,729
Increase in provisions due to pessimistic scenario	311	310

The following table shows the gross carrying amount and impairment of the financial assets – amortized cost and financial assets – fair value through other comprehensive income that have moved in the reporting period from expected twelve-month losses (Stage 1) to expected lifetime losses (Stages 2 and 3) or vice versa:

31/3/2023	Gross carrying amount		Impairment		ECL coverage ratio	
in € million	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(4,562)**	**4,562**	**(42)**	**317**	**0.9 %**	**6.9 %**
Central banks	0	0	0	0	-	-
General governments	(97)	97	(11)	13	11.4 %	13.0 %
Banks	(29)	29	0	0	0.0 %	0.1 %
Other financial corporations	(65)	65	0	0	0.0 %	0.0 %
Non-financial corporations	(1,635)	1,635	(13)	183	0.8 %	11.2 %
Households	(2,737)	2,737	(17)	121	0.6 %	4.4 %
Movement from lifetime ECL to 12-month ECL	**2,549**	**(2,549)**	**13**	**(76)**	**0.5 %**	**3.0 %**
Central banks	0	0	0	0	-	-
General governments	55	(55)	0	0	0.0 %	0.4 %
Banks	31	(31)	0	0	0.0 %	0.0 %
Other financial corporations	218	(218)	0	(4)	0.1 %	1.8 %
Non-financial corporations	921	(921)	7	(21)	0.7 %	2.3 %
Households	1,324	(1,324)	6	(51)	0.5 %	3.9 %

The increase in expected credit losses arising from the measurement of the loss allowance moving from twelve-month expected credit losses to lifetime losses was € 276 million (previous year: € 217 million). The decrease in expected credit losses arising from the measurement of the loss allowance moving from lifetime losses to twelve-month expected credit losses was € 63 million (previous year: € 81 million).

31/12/2022	Gross carrying amount		Impairment		ECL coverage ratio	
in € million	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(11,451)**	**11,451**	**(48)**	**781**	**0.4 %**	**6.8 %**
Central banks	(138)	138	0	0	0.0 %	0.0 %
General governments	(817)	817	(4)	36	0.5 %	4.5 %
Banks	(232)	232	0	13	0.0 %	5.7 %
Other financial corporations	(864)	864	(1)	50	0.1 %	5.8 %
Non-financial corporations	(5,329)	5,329	(24)	380	0.5 %	7.1 %
Households	(4,071)	4,071	(18)	302	0.5 %	7.4 %
Movement from lifetime ECL to 12-month ECL	**8,335**	**(8,335)**	**37**	**(193)**	**0.4 %**	**2.3 %**
Central banks	0	0	0	0	-	-
General governments	45	(45)	0	0	0.1 %	0.6 %
Banks	54	(54)	0	0	0.0 %	0.1 %
Other financial corporations	559	(559)	6	(11)	1.0 %	1.9 %
Non-financial corporations	2,509	(2,509)	19	(76)	0.8 %	3.0 %
Households	5,168	(5,168)	12	(106)	0.2 %	2.1 %

(31) Collateral and maximum exposure to credit risk

The following table contains details of the maximum exposure as the basis for the following disclosures regarding collateral:

31/3/2023	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	146,318	125,337
Financial assets - fair value through other comprehensive income[1]	0	2,993	0
Non-trading financial assets - mandatorily fair value through profit/loss	842	0	498
Financial assets - designated fair value through profit/loss	87	0	0
Financial assets - held for trading	6,320	0	0
On-balance	**7,248**	**149,312**	**125,835**
Loan commitments, financial guarantees and other commitments	0	51,173	51,173
Total	**7,248**	**200,485**	**177,008**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b)

31/12/2022	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	140,561	121,443
Financial assets - fair value through other comprehensive income[1]	0	3,160	0
Non-trading financial assets - mandatorily fair value through profit/loss	751	0	475
Financial assets - designated fair value through profit/loss	84	0	0
Financial assets - held for trading	6,124	0	0
On-balance	**6,958**	**143,720**	**121,918**
Loan commitments, financial guarantees and other commitments	0	51,143	51,143
Total	**6,958**	**194,864**	**173,061**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b)

RBI employs a range of policies to mitigate credit risk, the most common of which is the acceptance of collateral for loans and advances provided. A valuation of collateral is performed during the credit approval process. This is then reviewed periodically using various validation processes. The main types of collateral which are accepted in RBI are residential and commercial real estate collateral, financial collateral, guarantees and movable goods. Long-term financing is generally secured, and revolving credit facilities are generally unsecured. Debt securities are mainly unsecured. Derivatives can be secured by cash or master netting agreements. Collateral from leasing business primarily consist of the value of the leased assets themselves. Items shown in cash and cash equivalents are considered to have negligible credit risk. Collateral is taken into account uniformly on the basis of Group directives. The Group directives regarding obtaining collateral were not significantly changed during the reporting period; however, they are updated on a yearly basis.

The collateral values shown in the tables are capped at the maximum value of the gross carrying amount of the financial asset. The following table shows non-trading loans and advances as well as loan commitments, financial guarantees and other commitments that are subject to impairment:

31/3/2023 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	9,201	7,666	1,535
General governments	2,241	1,073	1,169
Banks	8,263	5,171	3,092
Other financial corporations	13,488	5,627	7,861
Non-financial corporations	50,592	22,216	28,375
Households	42,051	28,306	13,745
Loan commitments, financial guarantees and other commitments	51,173	7,039	44,134
Total	**177,008**	**77,097**	**99,911**

31/12/2022 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	8,814	6,849	1,965
General governments	2,150	1,026	1,124
Banks	6,915	4,708	2,207
Other financial corporations	11,538	4,166	7,372
Non-financial corporations	50,439	22,260	28,179
Households	42,063	27,838	14,225
Loan commitments, financial guarantees and other commitments	51,143	7,743	43,400
Total	**173,061**	**74,590**	**98,471**

More than half of collateral which can be considered by RBI relate to loans collateralized by immovable property and of this more than 70 per cent is residential immovable property. Additional collateral mainly comes from guarantees received which include reverse repo and securities lending business, among other things.

(32) Transferred assets

Carrying amounts of financial assets which have been transferred but not derecognized:

31/3/2023	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	7	0	7	7	0	7
Financial assets - amortized cost	6,666	0	6,666	6,434	0	6,434
Total	**6,674**	**0**	**6,674**	**6,441**	**0**	**6,441**

31/12/2022	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	877	0	877	804	0	804
Total	**877**	**0**	**877**	**804**	**0**	**804**

(33) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

in € million	31/3/2023 Pledged	31/3/2023 Otherwise restricted with liabilities	31/12/2022 Pledged	31/12/2022 Otherwise restricted with liabilities
Financial assets - held for trading	62	0	41	0
Non-trading financial assets - mandatorily fair value through profit/loss	14	0	15	0
Financial assets - designated fair value through profit/loss	0	0	0	0
Financial assets - fair value through other comprehensive income	329	57	389	0
Financial assets - amortized cost	23,886	1,550	20,151	2,182
Total	**24,291**	**1,607**	**20,596**	**2,182**

The Group received collaterals which can be sold or repledged even if no default occurs in the course of reverse repo business, securities lending business, derivative and other transactions.

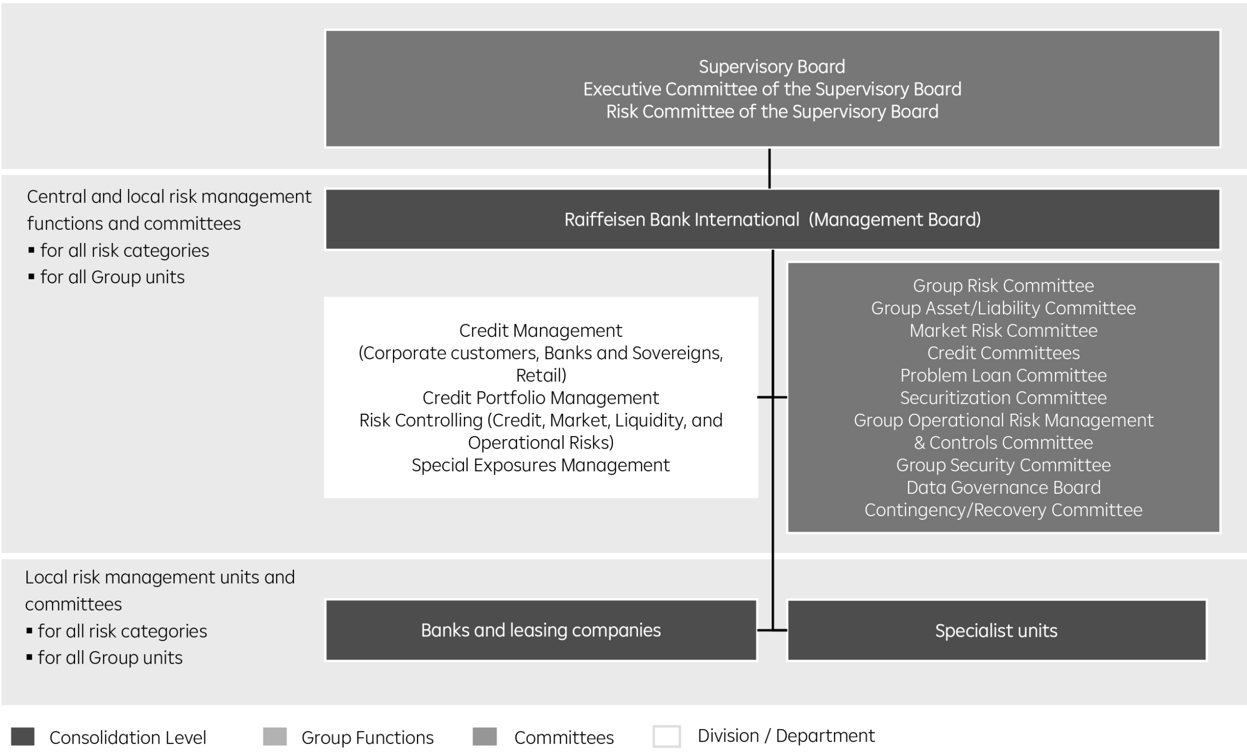
Securities and other financial assets accepted as collateral:

in € million	31/3/2023	31/12/2022
Securities and other financial assets accepted as collateral which can be sold or repledged	24,570	19,763
hereof which have been sold or repledged	3,183	3,179

Risk report

Active risk management is a core competency of RBI. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. Particularly, in addition to legal and regulatory requirements, it considers the nature, scale, and complexity of the Group's business activities and the resulting risks. The figures below refer to the regulatory scope of consolidation pursuant to CRR, which differs slightly from the scope of consolidation pursuant to IFRS. In terms of risk, the companies in the IFRS scope of consolidation that are not included therein are covered by the participation risk.

The principles and organization of risk management are disclosed in the relevant chapter of the Annual Report 2022, pages 193 ff.



Economic perspective – economic capital approach

In this approach, risks are measured based on economic capital, which represents a comparable risk indicator across all risk types. Economic capital is calculated as the sum of unexpected losses stemming from different Group units and different risk categories. In addition, a general buffer is held to cover risk types not explicitly quantified.

The Group uses a confidence level of 99.90 per cent to calculate economic capital. The economic capital increased slightly to € 8,758 million compared to year-end 2022. The main drivers were increases in credit risk exposure to the public sector and credit institutions, which were partly offset by a slight decline in credit risk exposure to retail and corporate customers. In the regional distribution of economic capital, the Eastern Europe segment (Russia, Ukraine, Belarus) was reduced by € 258 million. In contrast, economic capital for Austria and Central Europe increased both proportionately and nominally.

During the financial year 2022, climate risk was implemented in the ICAAP as a deduction from internal capital. More information on ESG risks is disclosed in the Annual Report 2022, pages 196 ff.

Risk contribution of individual risk types to economic capital:

in € million	31/3/2023	Share	31/12/2022	Share
Credit risk corporate customers	1,568	17.9 %	1,653	19.1 %
Credit risk retail customers	1,562	17.8 %	1,610	18.7 %
FX risk capital position	1,158	13.2 %	1,312	15.2 %
Market risk	966	11.0 %	929	10.8 %
Operational risk	788	9.0 %	799	9.3 %
Credit risk sovereigns	738	8.4 %	595	6.9 %
Participation risk	664	7.6 %	646	7.5 %
Credit risk banks	558	6.4 %	348	4.0 %
Owned property risk	312	3.6 %	306	3.5 %
CVA risk	22	0.3 %	22	0.3 %
Liquidity risk	4	0.1 %	0	0.0 %
Risk buffer	417	4.8 %	411	4.8 %
Total	**8,758**	**100.0 %**	**8,632**	**100.0 %**

Regional allocation of economic capital by Group unit domicile:

in € million	31/3/2023	Share	31/12/2022	Share
Austria	2,385	27.2 %	2,208	25.6 %
Eastern Europe	2,375	27.1 %	2,634	30.5 %
Central Europe	2,194	25.0 %	1,952	22.6 %
Southeastern Europe	1,804	20.6 %	1,839	21.3 %
Total	**8,758**	**100.0 %**	**8,632**	**100.0 %**

(34) Credit risk

Credit risk is the largest risk for the Group's business. Credit risk means the risk of suffering financial loss should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances to banks, loans and advances to customers, lending commitments and financial guarantees given. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures associated with trading activities, derivatives, settlement agreements and reverse repo transactions.

Reconciliation of figures from the IFRS consolidated financial statements to credit exposure (according to CRR)

The following table shows the reconciliation of the gross carrying amounts of the items on the statement of financial position to the credit exposure (banking and trading book positions), which is used in portfolio management. It includes both exposures on and off the statement of financial position before the application of credit conversion factors, and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation such as guarantees or physical collateral, effects that are, however, considered in the total assessment of credit risk. The total credit exposure is also used – if not explicitly stated otherwise – for referring to exposures in all subsequent tables in the risk report. The reasons for the differences in the values used for internal portfolio management and for external financial accounting are the different scopes of consolidation (regulatory versus accounting rules according to IFRS) and differences in the classification and presentation of exposure volumes, especially in the case of repo transactions and derivatives, particularly SA-CCR (standardized approach for measuring counterparty credit risk).

in € million	31/3/2023	31/12/2022
Cash, balances at central banks and other demand deposits	46,571	48,587
Financial assets - amortized cost	146,318	140,561
Financial assets - fair value through other comprehensive income	2,993	3,160
Non-trading financial assets - mandatorily fair value through profit/loss	842	751
Financial assets - designated fair value through profit/loss	87	84
Financial assets - held for trading	6,320	6,124
Hedge accounting	677	661
Current tax assets	105	100
Deferred tax assets	328	269
Other assets	1,158	912
Loan commitments given	36,596	37,193
Financial guarantees given	9,323	9,370
Other commitments given	5,254	4,580
Reconciliation difference	(8,337)	(6,399)
Credit exposure	**248,235**	**245,953**

Around € 4.3 billion of the reconcilation difference was attributable to the SA-CCR-Netting.

The detailed credit portfolio analysis shows the breakdown by rating category. Customer rating assessments are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organizational unit. The default probabilities assigned to individual rating grades are calculated separately for each asset class. However, the use of a master scale enables rating grades to be compared even across business segments.

Rating models in the non-retail asset classes – corporate customers, banks and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades of the master scale. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Tools are used to produce and validate ratings (e.g. business valuation tools, rating and default databases).

Credit exposure by asset classes (rating models):

in € million	31/3/2023	31/12/2022
Corporate customers	91,057	90,300
Project finance	9,383	9,268
Retail customers	50,182	50,412
Banks	36,911	32,156
Sovereigns	60,702	63,816
Total	**248,235**	**245,953**

Credit portfolio – Corporate customers

The following table shows the credit exposure according to internal corporate rating (large corporates, mid-market and small corporates). For presentation purposes, the individual grades of the rating scale have been combined into nine main rating grades.

in € million		Lower PD bound in %	Upper PD bound in %	31/3/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	2,359	2.6 %	2,716	3.0 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	8,411	9.2 %	7,374	8.2 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	21,667	23.8 %	21,867	24.2 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	22,167	24.3 %	21,709	24.0 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	16,652	18.3 %	16,627	18.4 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	11,125	12.2 %	11,000	12.2 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	3,694	4.1 %	3,677	4.1 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	1,984	2.2 %	2,070	2.3 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,584	1.7 %	1,706	1.9 %
10	Default	100%	100%	1,326	1.5 %	1,427	1.6 %
NR	Not rated			88	0.1 %	128	0.1 %
Total				**91,057**	**100.0 %**	**90,300**	**100.0 %**

The credit exposure to corporate customers increased € 756 million to € 91,057 million compared to year-end. The largest increases were recorded in France, Romania, the USA, Great Britain, the Czech Republic and in Switzerland, which were partly offset by a decrease in Russia and Ireland. In Russia, the sanctions led to a volume-related decline, which was enhanced by the depreciation of the Russian ruble.

The largest increase was recorded in rating grade 2 due to increased credit exposures in France and rating improvements of individual German customers from rating grade 3. The increase in rating grade 4 was due to a rise in exposures in Great Britain, Hungary and Romania, which was partly offset by rating shifts of individual Austrian customers in rating grades 3 and 5. In addition to the rating downgrades of individual Austrian customers, the decline in rating grade 1 resulted from reduced credit exposure in Ireland.

The five grades rating model for project finance is based on the slotting criteria in accordance with EBA/RTS/2016/02.

in € million		31/3/2023	Share	31/12/2022	Share
6.1	Excellent project risk profile – very low risk	5,169	55.1 %	4,857	52.4 %
6.2	Good project risk profile – low risk	3,437	36.6 %	3,617	39.0 %
6.3	Acceptable project risk profile – average risk	455	4.8 %	423	4.6 %
6.4	Poor project risk profile – high risk	82	0.9 %	94	1.0 %
6.5	Default	234	2.5 %	264	2.8 %
NR	Not rated	6	0.1 %	13	0.1 %
Total		**9,383**	**100.0 %**	**9,268**	**100.0 %**

The € 115 million increase in project finance was mainly attributable to an increase in credit and facility financing in Hungary, the Czech Republic and Romania.

The increase in rating grade 6.1 was due to the increase in credit financing in the Czech Republic and facility financing in Romania as well as rating upgrades of individual customers from rating grade 6.2 in the Netherlands, Poland, Austria and Slovakia.

Breakdown by country of risk of the credit exposure to corporate customers and project finance structured by region, taking into account the guarantor:

in € million	31/3/2023	Share	31/12/2022	Share
Central Europe	26,137	26.0 %	25,596	25.7 %
Western Europe	25,845	25.7 %	25,093	25.2 %
Austria	19,121	19.0 %	19,125	19.2 %
Southeastern Europe	14,943	14.9 %	14,464	14.5 %
Eastern Europe	10,494	10.4 %	11,625	11.7 %
Asia	1,874	1.9 %	1,918	1.9 %
Other	2,025	2.0 %	1,748	1.8 %
Total	**100,439**	**100.0 %**	**99,569**	**100.0 %**

The increase in Western Europe was primarily attributable to the increase in credit financing, guarantees given and repo transactions in France, Great Britain and in Switzerland, which was partly offset by a decline in Ireland. The increase in Central Europe essentially resulted from the increase in credit financing and repo transactions in the Czech Republic and Hungary. In Southeastern Europe, the rise was due to an increase in credit financing and guarantees given in Romania. Credit exposure in Eastern Europe fell mainly due to a decline in credit financing and guarantees given in Russia, which was enhanced by the depreciation of the Russian ruble. In addition, credit financing decreased in Ukraine.

Credit exposure to corporate customers and project finance by industry of the original customer:

in € million	31/3/2023	Share	31/12/2022	Share
Manufacturing	24,349	24.2 %	24,711	24.8 %
Wholesale and retail trade	21,073	21.0 %	20,800	20.9 %
Real estate	13,305	13.2 %	12,943	13.0 %
Financial intermediation	10,322	10.3 %	9,191	9.2 %
Construction	6,195	6.2 %	6,156	6.2 %
Electricity, gas, steam and hot water supply	5,581	5.6 %	5,580	5.6 %
Transport, storage and communication	3,686	3.7 %	3,743	3.8 %
Freelance/technical services	3,020	3.0 %	2,870	2.9 %
Other industries	12,909	12.9 %	13,574	13.6 %
Total	**100,439**	**100.0 %**	**99,569**	**100.0 %**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers a two-fold scoring system is used, consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data.

in € million	31/3/2023	Share	31/12/2022	Share
Retail customers – private individuals	47,072	93.8 %	47,338	93.9 %
Retail customers – small and medium-sized entities	3,110	6.2 %	3,074	6.1 %
Total	**50,182**	**100.0 %**	**50,412**	**100.0 %**

Credit exposure to retail customers by internal rating:

in € million		Lower PD bound in %	Upper PD bound in %	31/3/2023	Share	31/12/2022	Share
0.5	Minimal risk	> 0.00%	≤ 0.17%	10,251	20.4 %	11,488	22.8 %
1.0	Excellent credit standing	> 0.17%	≤ 0.35%	9,030	18.0 %	9,574	19.0 %
1.5	Very good credit standing	> 0.35%	≤ 0.69%	8,364	16.7 %	8,851	17.6 %
2.0	Good credit standing	> 0.69%	≤ 1.37%	6,701	13.4 %	6,210	12.3 %
2.5	Sound credit standing	> 1.37%	≤ 2.70%	4,657	9.3 %	3,919	7.8 %
3.0	Acceptable credit standing	> 2.70%	≤ 5.26%	2,768	5.5 %	2,403	4.8 %
3.5	Marginal credit standing	> 5.26%	≤ 10.00%	1,361	2.7 %	1,189	2.4 %
4.0	Weak credit standing/sub-standard	> 10.00%	≤ 18.18%	669	1.3 %	535	1.1 %
4.5	Very weak credit standing/doubtful	> 18.18%	< 100%	800	1.6 %	652	1.3 %
5.0	Default	100%	100%	1,306	2.6 %	1,286	2.6 %
NR	Not rated			4,275	8.5 %	4,305	8.5 %
Total				**50,182**	**100.0 %**	**50,412**	**100.0 %**

The not rated credit exposure mainly includes retail customers in Serbia and credit card limits.

Credit exposure to retail customers by segments:

31/3/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,736	10,117	5,333	8,886
Retail customers – small and medium-sized entities	1,811	1,119	180	0
Total	**24,547**	**11,236**	**5,513**	**8,886**
hereof non-performing exposure	547	398	325	45

31/12/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,600	10,031	5,819	8,888
Retail customers – small and medium-sized entities	1,766	1,105	202	0
Total	**24,366**	**11,137**	**6,021**	**8,888**
hereof non-performing exposure	540	386	321	45

In the first quarter of 2023, credit exposure to retail customers decreased slightly by € 230 million. The largest decline of € 508 million was recorded in Eastern Europe and was attributable to the development of the Russian ruble. Central Europe recorded growth of € 181 million, primarily due to the rise in mortgage and personal loans in the Czech Republic. The increase in Southeastern Europe was due to the rise in mortgage and personal loans in Croatia.

Retail credit exposure by products:

in € million	31/3/2023	Share	31/12/2022	Share
Mortgage loans	29,664	59.1 %	29,990	59.5 %
Personal loans	10,970	21.9 %	10,993	21.8 %
Credit cards	5,224	10.4 %	5,215	10.3 %
SME financing	2,456	4.9 %	2,370	4.7 %
Overdraft	1,222	2.4 %	1,204	2.4 %
Car loans	646	1.3 %	640	1.3 %
Total	**50,182**	**100.0 %**	**50,412**	**100.0 %**

Credit portfolio – Banks

The following table shows the credit exposure by internal rating for banks (excluding central banks). Due to the small number of customers (or observable defaults), the default probabilities of individual rating grades in this asset class are calculated based on a combination of internal and external data.

in € million		Lower PD bound in %	Upper PD bound in %	31/3/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	7,014	19.0 %	7,233	22.5 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	11,452	31.0 %	9,373	29.1 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	12,267	33.2 %	10,270	31.9 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	895	2.4 %	499	1.6 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	179	0.5 %	127	0.4 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	4,055	11.0 %	3,780	11.8 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	111	0.3 %	435	1.4 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	30	0.1 %	35	0.1 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	898	2.4 %	385	1.2 %
10	Default	100%	100%	6	0.0 %	16	0.0 %
NR	Not rated			3	0.0 %	4	0.0 %
Total				**36,911**	**100.0 %**	**32,156**	**100.0 %**

Credit exposure to banks increased primarily due to the increase in repo transactions in Spain, France, Great Britain, Ireland and Italy as well as in money market transactions in Russia, Germany and Austria. This increase was partly offset by a decline in loans and advances in the USA and Russia.

Rating grade 2 recorded the largest rise due to the increased repo transactions in Ireland, France and the Netherlands and due to increased loans and advances in China and France. The increase in rating grade 3 was attributable to the rise in repo transactions in Spain, Great Britain, Italy and France. In addition, there was an increase in money market transactions in Russia in rating grade 9, which was partly offset by a decrease in loans and advances also in Russia. The decrease in rating grade 7 resulted from reduced loans and advances in Russia.

Credit exposure to banks (excluding central banks) by products:

in € million	31/3/2023	Share	31/12/2022	Share
Repo	16,144	43.7 %	12,049	37.5 %
Loans and advances	11,160	30.2 %	12,124	37.7 %
Bonds	5,227	14.2 %	4,950	15.4 %
Money market	2,800	7.6 %	1,515	4.7 %
Derivatives	568	1.5 %	534	1.7 %
Other	1,012	2.7 %	984	3.1 %
Total	**36,911**	**100.0 %**	**32,156**	**100.0 %**

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks, and regional municipalities as well as other public sector entities. The credit exposure to sovereigns includes local and regional governments.

Credit exposure to sovereigns (including central banks) by internal rating:

in € million		Lower PD bound in %	Upper PD bound in %	31/3/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	30,107	49.6 %	36,204	56.7 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	13,074	21.5 %	12,860	20.2 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	9,449	15.6 %	6,398	10.0 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	4,019	6.6 %	4,433	6.9 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	568	0.9 %	545	0.9 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	1,723	2.8 %	1,220	1.9 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	21	0.0 %	24	0.0 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	0	0.0 %	0	0.0 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,433	2.4 %	1,768	2.8 %
10	Default	100%	100%	306	0.5 %	362	0.6 %
NR	Not rated			1	0.0 %	2	0.0 %
Total				**60,702**	**100.0 %**	**63,816**	**100.0 %**

The decrease in rating grade 1 was mainly due to a reduction in money market transactions and lower deposits at the Austrian national bank. In addition, there was a rating downgrade to rating grade 2 in the Czech Republic. In addition to the rating shift, the increase in rating grade 2 resulted from an increase in the bond portfolio in the Czech Republic. This was mainly offset by a rating downgrade of Hungary to the rating grade 3. Furthermore, the increase in rating grade 3 was due to the rating upgrade of the Croatian national bank from rating grade 4.

Credit exposure to sovereigns (including central banks) by product:

in € million	31/3/2023	Share	31/12/2022	Share
Money market	23,893	39.4 %	26,803	42.0 %
Bonds	19,564	32.2 %	17,662	27.7 %
Loans and advances	9,170	15.1 %	12,135	19.0 %
Repo	7,619	12.6 %	6,663	10.4 %
Derivatives	125	0.2 %	162	0.3 %
Other	330	0.5 %	391	0.6 %
Total	**60,702**	**100.0 %**	**63,816**	**100.0 %**

The decrease in money market transactions was primarily attributable to the reduction at the Austrian national bank and was partly offset by an increase at the Croatian national bank. Bond portfolio mainly increased in the Czech Republic, Austria, Slovakia and Hungary. The decrease in loans and advances to sovereigns was attributable to reduced deposits at the Austrian and Croatian national bank. Repo transactions increased in the Czech Republic.

Non-investment grade credit exposure to sovereigns (rating grade 5 and below):

in € million	31/3/2023	Share	31/12/2022	Share
Russia	1,750	43.2 %	1,239	31.6 %
Ukraine	1,254	30.9 %	1,312	33.5 %
Albania	543	13.4 %	527	13.5 %
Belarus	297	7.3 %	603	15.4 %
Bosnia and Herzegovina	146	3.6 %	186	4.7 %
Other	63	1.6 %	53	1.3 %
Total	**4,053**	**100.0 %**	**3,921**	**100.0 %**

The exposure mainly includes Russian and Ukrainian government bonds as well as deposits of Group units at local central banks in Central, Eastern, and Southeastern Europe. The deposits serve to fulfil the respective minimum reserve requirements and act as a vehicle for short-term investment of excess liquidity and are therefore inextricably linked with business activity in these countries.

Non-performing exposures (NPE)

Since November 2019 RBI has fully applied the new definition of default of the CRR and also the corresponding requirements of the EBA (EBA/GL/2016/07).

Non-performing exposures pursuant to the applicable definition contained in the Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) issued by the EBA:

	NPE		NPE ratio		NPE coverage ratio	
in € million	**31/3/2023**	**31/12/2022**	**31/3/2023**	**31/12/2022**	**31/3/2023**	**31/12/2022**
General governments	175	169	7.8 %	7.9 %	2.9 %	3.0 %
Banks	5	6	0.0 %	0.0 %	62.1 %	63.1 %
Other financial corporations	164	163	1.2 %	1.4 %	31.9 %	29.8 %
Non-financial corporations	1,502	1,619	3.0 %	3.2 %	60.8 %	62.8 %
Households	1,149	1,133	2.7 %	2.7 %	67.0 %	66.2 %
Loans and advances	**2,996**	**3,090**	**1.7 %**	**1.8 %**	**58.2 %**	**59.1 %**
Bonds	**2**	**3**	**0.0 %**	**0.0 %**	**41.4 %**	**0.0 %**
Total	**2,998**	**3,093**	**1.5 %**	**1.6 %**	**58.2 %**	**59.0 %**

In the first quarter, the volume of non-performing exposures declined € 94 million to € 2,998 million. In organic terms, this was a decrease of € 66 million, mainly due to sales and depreciation in the amount of € 166 million, and the currency trend contributed € 28 million, particularly as a result of the depreciation of the Russian ruble. The NPE ratio fell 0.1 percentage points to 1.5 per cent compared to year-end. The coverage ratio fell 0.8 percentage points to 58.2 per cent.

Development of non-performing exposure by asset classes (excluding items off the statement of financial position):

in € million	**As at 1/1/2023**	**Change in consolidated group**	**Currency**	**Additions**	**Disposals**	**As at 31/3/2023**
General governments	169	0	0	6	0	175
Banks	6	0	0	0	0	5
Other financial corporations	163	0	(1)	3	(1)	164
Non-financial corporations	1,619	0	(15)	102	(205)	1,502
Households	1,133	0	(12)	149	(121)	1,149
Loans and advances (NPL)	**3,090**	**0**	**(28)**	**261**	**(327)**	**2,996**
Bonds	**3**	**0**	**0**	**0**	**(1)**	**2**
Total (NPE)	**3,093**	**0**	**(28)**	**261**	**(327)**	**2,998**

in € million	**As at 1/1/2022**	**Change in consolidated group**	**Currency**	**Additions**	**Disposals**	**As at 31/12/2022**
General governments	1	(1)	0	169	0	169
Banks	3	0	0	2	0	6
Other financial corporations	113	0	0	92	(42)	163
Non-financial corporations	1,574	(36)	30	624	(572)	1,619
Households	1,131	(38)	12	471	(444)	1,133
Loans and advances (NPL)	**2,822**	**(75)**	**43**	**1,358**	**(1,058)**	**3,090**
Bonds	**0**	**0**	**0**	**3**	**0**	**3**
Total (NPE)	**2,823**	**(75)**	**43**	**1,361**	**(1,059)**	**3,093**

Share of non-performing exposure (NPE) by segments (excluding items off the statement of financial position):

	NPE		NPE ratio		NPE coverage ratio	
in € million	**31/3/2023**	**31/12/2022**	**31/3/2023**	**31/12/2022**	**31/3/2023**	**31/12/2022**
Central Europe	844	831	1.3 %	1.4 %	57.7 %	59.7 %
Southeastern Europe	568	591	1.9 %	2.0 %	69.2 %	70.2 %
Eastern Europe	714	708	2.3 %	2.3 %	70.7 %	65.1 %
Group Corporates & Markets	872	962	1.4 %	1.8 %	41.3 %	47.1 %
Corporate Center	0	0	0.0 %	0.0 %	100.0 %	100.0 %
Total	**2,998**	**3,093**	**1.5 %**	**1.6 %**	**58.2 %**	**59.0 %**

Falling € 90 million to € 872 million, the Group Corporate & Markets segment was the main contributor to the decrease in non-performing exposure, mainly due to derecognitions and sales of non-performing loans in the amount of € 102 million. The NPE ratio fell 0.3 percentage points to 1.4 per cent. The coverage ratio fell 5.8 percentage points to 41.3 per cent.

Non-performing exposure in the Southeastern Europe segment decreased € 22 million to € 568 million, mainly due to sales and derecognitions of non-performing loans in the amount of € 32 million, mainly in Romania. The NPE ratio declined 0.1 percentage points to 1.9 per cent, the coverage ratio sank 1.0 percentage points to 69.2 per cent.

The Central Europe segment reported a € 13 million increase in non-performing exposure to € 844 million, mainly due to slight increases in Slovakia and the Czech Republic totaling € 20 million, whereas Poland reported a € 10 million reduction in non-performing exposure. The NPE ratio in relation to the total exposure remained nearly unchanged at 1.3 per cent compared to year-end. The coverage ratio fell 1.9 percentage points to 57.7 per cent.

Non-performing exposure in the Eastern Europe segment recorded a small increase of € 5 million to € 714 million. This was due to an organic increase of € 31 million in Russia, which was partly offset by the depreciation of the Russian ruble in the amount of € 25 million. In addition, derecognitions of non-performing loans in Russia in the amount of € 8 million had a reducing effect. The NPE ratio in relation to total exposure remained unchanged at 2.3 per cent compared to year-end. The coverage ratio rose 5.6 percentage points to 70.7 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified maturities and conditions		Total	
in € million	31/3/2023	31/12/2022	31/3/2023	31/12/2022	31/3/2023	31/12/2022
General governments	0	0	0	0	0	0
Banks	0	0	0	0	0	0
Other financial corporations	59	60	43	38	102	98
Non-financial corporations	83	81	794	886	877	967
Households	7	8	282	273	289	281
Total	**149**	**149**	**1,119**	**1,197**	**1,267**	**1,346**

Non-performing exposure with restructuring measures by segments:

in € million	31/3/2023	Share	31/12/2022	Share
Central Europe	274	21.6 %	259	19.2 %
Southeastern Europe	157	12.4 %	182	13.5 %
Eastern Europe	364	28.7 %	350	26.0 %
Group Corporates & Markets	472	37.3 %	555	41.2 %
Total	**1,267**	**100.0 %**	**1,346**	**100.0 %**

Concentration risk

The credit portfolio of the Group is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by way of limits and regular reporting. As a result, portfolio granularity is high. The regional breakdown of the exposures reflects the broad diversification of credit business in the Group's European markets.

Credit exposures across all asset classes by the borrower's country of risk, grouped by regions:

in € million	31/3/2023	Share	31/12/2022	Share
Central Europe	**74,961**	**30.2 %**	**71,413**	**29.0 %**
Czech Republic	34,183	13.8 %	31,738	12.9 %
Slovakia	24,428	9.8 %	24,085	9.8 %
Hungary	12,134	4.9 %	11,169	4.5 %
Poland	3,696	1.5 %	3,922	1.6 %
Other	520	0.2 %	498	0.2 %
Austria	**51,927**	**20.9 %**	**56,770**	**23.1 %**
Western Europe	**46,434**	**18.7 %**	**41,789**	**17.0 %**
Germany	12,104	4.9 %	11,929	4.9 %
France	9,148	3.7 %	7,756	3.2 %
Great Britain	4,552	1.8 %	3,713	1.5 %
Spain	4,397	1.8 %	3,265	1.3 %
Switzerland	3,322	1.3 %	3,143	1.3 %
Luxembourg	3,008	1.2 %	2,939	1.2 %
Netherlands	2,781	1.1 %	2,458	1.0 %
Italy	2,485	1.0 %	2,151	0.9 %
Other	4,635	1.9 %	4,434	1.8 %
Southeastern Europe	**35,590**	**14.3 %**	**35,464**	**14.4 %**
Romania	16,736	6.7 %	16,352	6.6 %
Croatia	7,090	2.9 %	7,298	3.0 %
Serbia	6,384	2.6 %	6,467	2.6 %
Bosnia and Herzegovina	2,099	0.8 %	2,125	0.9 %
Albania	1,770	0.7 %	1,788	0.7 %
Other	1,511	0.6 %	1,434	0.6 %
Eastern Europe	**24,541**	**9.9 %**	**25,552**	**10.4 %**
Russia	18,841	7.6 %	19,195	7.8 %
Ukraine	3,789	1.5 %	4,018	1.6 %
Belarus	1,420	0.6 %	1,805	0.7 %
Other	491	0.2 %	534	0.2 %
Asia	**6,546**	**2.6 %**	**6,345**	**2.6 %**
North America	**3,821**	**1.5 %**	**4,497**	**1.8 %**
Rest of World	**4,414**	**1.8 %**	**4,124**	**1.7 %**
Total	**248,235**	**100.0 %**	**245,953**	**100.0 %**

Western Europe recorded the largest increase due to repo transactions in Spain, Great Britain, Ireland and Italy. In Central Europe, bond portfolios increased in the Czech Republic, Hungary and Slovakia. In addition, repo transactions and loans and advances in the Czech Republic and Hungary increased. In Austria, the decrease was attributable to lower money market transactions and lower deposits at the Austrian national bank. In Eastern Europe, loans and advances decreased in Russia and Belarus and money market transactions decreased in Ukraine.

The Group's credit exposure based on industry classification:

in € million	31/3/2023	Share	31/12/2022	Share
Banking and insurance	81,695	32.9 %	80,890	32.9 %
Private households	47,240	19.0 %	45,142	18.4 %
Public administration and defense and social insurance institutions	20,542	8.3 %	18,739	7.6 %
Other manufacturing	18,580	7.5 %	19,140	7.8 %
Wholesale trade and commission trade (except car trading)	15,323	6.2 %	15,403	6.3 %
Real estate activities	13,461	5.4 %	13,120	5.3 %
Construction	6,850	2.8 %	6,805	2.8 %
Retail trade and repair of consumer goods	5,759	2.3 %	5,758	2.3 %
Electricity, gas, steam and hot water supply	5,704	2.3 %	5,737	2.3 %
Land transport, transport via pipelines	3,457	1.4 %	3,328	1.4 %
Manufacture of food products and beverages	2,854	1.1 %	2,803	1.1 %
Manufacture of basic metals	2,776	1.1 %	2,877	1.2 %
Land transport, transport via pipelines	2,529	1.0 %	2,577	1.0 %
Manufacture of machinery and equipment	1,916	0.8 %	1,846	0.8 %
Other transport	1,701	0.7 %	1,770	0.7 %
Sale of motor vehicles	1,468	0.6 %	1,348	0.5 %
Extraction of crude petroleum and natural gas	971	0.4 %	1,033	0.4 %
Other industries	15,410	6.2 %	17,636	7.2 %
Total	**248,235**	**100.0 %**	**245,953**	**100.0 %**

(35) Market risk

Market risk management is based on a dual management approach. For the overall portfolio including the banking book, the model used is based on a historical simulation and is suitable for the longer-term management of market risk in the banking books (ALL model). For all market risks with a direct impact on the income statement, a model is used that forecasts short-term volatility well (IFRS-P&L model). This model approach has been approved by the Austrian Financial Market Authority as an internal model for measuring the capital requirement for market risks in the trading book of the head office. Both models calculate value-at-risk figures for changes in the risk factors foreign currencies, interest rate development, credit spreads, implied volatility, equity indices and basis spreads. The tables below present an overview of the risk indicators under both models (ALL and IFRS-P&L) and the development by risk type for the first quarter.

Model IFRS-P&L total VaR (99%, 1d) in € million	VaR as at 31/3/2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2022
Currency risk	5	8	2	14	13
Interest rate risk	5	4	2	6	4
Credit spread risk	5	4	3	7	6
Share price risk	1	1	1	1	1
Vega risk	2	1	1	3	1
Basis risk	8	8	5	20	30
Total	16	15	11	28	35

Model ALL total VaR (99%, 20d) in € million	VaR as at 31/3/2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2022
Economic capital ALL	500	507	460	610	565
Vega risk ALL	22	16	10	33	16
Total ALL	**522**	**523**	**472**	**626**	**581**
Total ALL (Risk categories)					
Currency risk	530	535	472	625	560
Interest rate risk	177	163	96	222	169
Credit spread risk	40	39	31	43	36
Banking book (99%, 20d)					
Interest rate risk in the banking book	141	131	68	182	120

Capital positions held in foreign currencies and open foreign exchange positions, structural interest rate risks, spread risks from bond books (often held as liquidity buffers), basis risks from basis spreads in Russian ruble were the main drivers of the VaR result.

Both the total VaR (Model ALL) and the P&L VaR (Model IFRS-P&L) fell within the first quarter. This was primarily due to the reduction in the Russian ruble positions. The decrease in the total VaR was particularly evident in the currency and interest rate risk position. The decrease in the P&L VaR (Model IFRS-P&L) was also due to the reduction in the Russian ruble position including the basis risk of the reference curves in Russian ruble.

Market risk management is based on daily monitoring of market movements and position changes for the head office and Group units. In addition, developments on the local markets are updated daily and risk management is actively managed in order to be able to react quickly to changes.

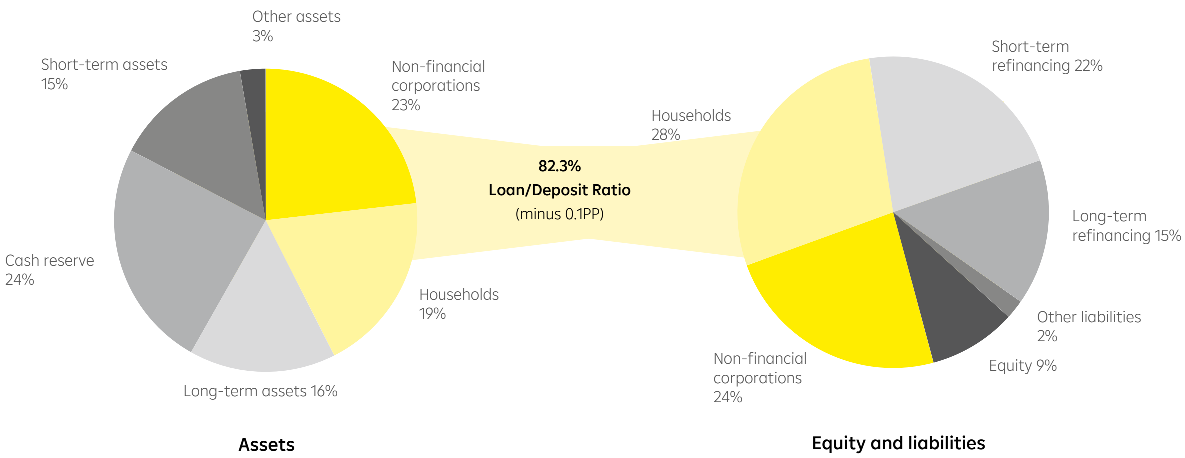
(36) Liquidity management

Since the beginning of the war in Ukraine, RBI has had a strong liquidity position, despite increased initial deposit withdrawals (with subsequent recovery) and continued intense media coverage.

The current crisis related to the war in Ukraine once more emphasizes RBI's strong liquidity position and its ability to adapt to market or name-driven turmoil. The ILAAP framework and RBI's governance again proved to be solid and functional also in times of crisis. The daily monitoring of the liquidity position via dynamic dashboards showed that infrastructure and monitor-ing are effective and support fast responses in times of crisis.

Funding structure

The Group's funding structure is highly focused on retail business in Central and Eastern Europe. In addition, as a result of the Austrian Raiffeisen Banking Group's strong local market presence, the Group also benefits from funding through the Raiffeisen Landesbanken. Different funding sources are utilized in accordance with the principle of diversification. These include the issue of international bonds by RBI AG, the issue of local bonds by the subsidiary banks and the use of third-party financing loans (including supranationals). Partly due to tight country limits and partly due to beneficial pricing, the subsidiary banks also use interbank loans with third-party banks.



Liquidity position

The going-concern report shows the structural liquidity position. It covers all material risk drivers which might affect the Group in a business-as-usual scenario. The results of the going-concern scenario are shown in the following table. It illustrates excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis. The capital flows are based on assumptions employing expert opinions, statistical analyses and country specifics. This calculation also includes estimates of the stability of the customer deposit base, outflows from off-balance-sheet positions and downward market movements in relation to positions which influence the liquidity counterbalancing capacity.

in € million	31/3/2023		31/12/2022	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	49,065	47,973	47,281	46,094
Liquidity ratio	179 %	136 %	179 %	136 %

Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio (LCR) requires the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLAs) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

The calculation of expected inflows and outflows of funds and the HQLAs is based on regulatory guidelines. The regulatory limit for LCR is 100 per cent.

in € million	31/3/2023	31/12/2022
Average liquid assets	39,143	43,954
Net outflows	17,896	21,712
Inflows	25,519	21,475
Outflows	43,414	43,188
Liquidity Coverage Ratio	**219 %**	**202 %**

Net Stable Funding Ratio (NSFR)

The NSFR is defined as the ratio of available stable funding to required stable funding. Available stable funding is defined as the portion of equity and debt which is expected to be a reliable source of funds over the time horizon of one year covered by the NSFR. A bank's required stable funding depends on the liquidity characteristics and residual maturities of the various assets and off-balance-sheet positions. The RBI Group targets a balanced funding position. The required stable funding and available stable funding are based on regulatory provisions. The regulatory NSFR limit is 100 per cent.

in € million	31/3/2023	31/12/2022
Required stable funding	119,829	119,608
Available stable funding	164,308	161,545
Net Stable Funding Ratio	**137 %**	**135 %**

The required structural liquidity has remained at a stable level. The increase in available structural liquidity was based on higher issuances compared to year-end 2022.

Other disclosures

(37) Pending legal issues

Details regarding various court, administrative or arbitration proceedings in which RBI is involved can be seen in the Annual Report 2022, pages 224 ff.

Consumer protection

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Zagreb (RBHR), and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause which was confirmed by the Croatian Supreme Court also passed control of the Croatian Constitutional Court. RBHR is exploring the possibility to challenge this decision, and submitted an application before the European Court for Human Rights in August 2021. The issue of CHF-indexed loans which were converted under the Croatian Conversion Act into EUR-indexed loans was pending before the Court of Justice of the European Union (CJEU) for preliminary ruling. In May 2022, CJEU published a preliminary ruling but like the Croatian Supreme Court, CJEU did not answer whether consumers of converted loans are entitled to any additional compensation (besides the positive effects of the conversion performed under provisions of the Croatian Consumers Credit Act 2015). Therefore, the issue whether consumers are entitled to additional compensation (notwithstanding conversion) remained for domestic courts to judge, primarily for the Croatian Supreme Court. Based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, a number of borrowers have already raised claims against RBHR. In its session in December 2022, the Croatian Supreme Court adopted the view that consumers are entitled to additional compensation only in the amount of default interest on overpayments (if any) made until the conversion of CHF-indexed loans into EUR-indexed loans in 2015. However, additional explanations on how this amount is to be calculated are not available so far but are expected to be given in the individual rulings of the Croatian Supreme Court. Only such specific rulings may then be challenged before the Constitutional Court. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause/conversion performed, the calculation of the additional compensation, the further course of action, the final outcome of the request for preliminary ruling and the number of borrowers raising such claims, final quantification of the financial impact and the possible damage is not possible at this point of time. In this context, a provision of € 61 million (previous year: € 62 million) was taken into account.

Poland

In Poland, a significant number of civil lawsuits are pending in relation to certain contractual stipulations connected with consumer mortgage loans denominated in or indexed to foreign currencies. As at 31 March 2023, the total amount in dispute was approximately PLN 3,742 million (€ 801 million).

The number of lawsuits continues to increase. In this context, a Polish court requested the Court of Justice of the European Union (CJEU) to clarify whether certain clauses in these agreements breach European law and are unfair. The CJEU's preliminary ruling (C-260/18) in October 2019 does not answer whether the loan agreements are invalid in whole or part but merely gives interpretative guidance on the principles according to which the national courts must decide in each individual case. According to this, a loan agreement without unfair terms should remain valid provided that it is in conformity with national law. If a loan agreement cannot remain valid without the unfair term, the entire contract would have to be annulled. If the annulment of the entire contract triggers material negative consequences for the borrower, the Polish courts can replace the unfair term by a valid term in accordance with national law. The consequences of the contract being annulled must be carefully examined so that the borrower can consider all potential negative consequences of annulment. However, the consequences of canceling an annulled loan agreement remain unclear and may be serious for the borrower, for example due to the obligation to repay the loan immediately including the costs of using the loan amount. It remains to be seen how the principles developed by the CJEU will be applied under national law on a case-by-case basis.

In another proceeding involving RBI, the District Court for Warszawa-Wola in Warsaw requested the CJEU to issue a preliminary ruling concerning the way in which the contractual provisions concerning the rules for determining the buying and selling rates for foreign currency are to be formulated in the case of consumer mortgage loans indexed to a foreign currency. In the judgement of 18 November 2021 in case C-212/20, the CJEU considered that the content of a clause of a loan agreement that sets the buying and selling prices of a foreign currency to which the loan is indexed must enable a reasonably well informed and reasonably observant consumer, based on clear and intelligible criteria, to understand the way in which the foreign currency exchange rate used to calculate the amount of the repayment installments is set. Based on information specified in such a provision, the consumer must be able to determine on his or her own, at any time, the exchange rate applied by the entrepreneur. In the justification the CJEU specified that a provision that does not enable the consumer to determine the exchange rate himself or herself is unfair. Moreover, the CJEU indicated in said judgement that the national court, when the considered term of a consumer contract is unfair, is not allowed to interpret that term in order to remedy its unfairness, even if that interpretation would correspond to the common intention of the parties to that contract. Only if the invalidity of the unfair term were to require the national court to annul the contract in its entirety, thereby exposing the consumer to particularly unfavorable consequences, so that the consumer would thus be penalized, the national court might replace that term with a supplementary provision of national law. The CJEU therefore did not entirely preclude national courts hearing such cases from supplementing the contract with supplementary provisions of national law, but gaps may not be filled solely with national provisions of a general nature and such remedy may be applied only in strictly limited cases as specified by the CJEU.

The assessment of an unfair nature of contractual provisions as well as the decision concerning supplementation of the contract after removal of unfair contractual clauses, however, still falls within the competence of the national court hearing the case. The CJEU did not determine at all whether, in the consequence of the above-mentioned actions, the entire foreign currency contract is to be annulled. The current judicial practice of Polish courts is already consistent with the CJEU's preliminary ruling and, thus, unfavorable for banks holding consumer mortgage loans indexed to a foreign currency. The respective clauses, depending on the assessment made by the national court hearing the case, may not meet the requirements as specified in the above CJEU judgement.

On 16 February 2023, the Advocate General published his opinion on the consequences of an annulment of a contract in case C-520/21. The Advocate General considered in his opinion that EU law does not provide for the consequences of the annulment of a consumer contract which are to be determined by domestic legislation in the individual EU member states. However, EU law is no obstacle to national legislation or its interpretation granting consumers the right to assert claims against banks that go beyond the reimbursement of the monetary consideration (e.g. installments) they paid under a mortgage loan agreement and the payment of default interest from the date of the request for reimbursement after an annulment of such mortgage loan agreement due to unfair terms. It is a matter for the national courts to determine whether consumers have the right to assert such claims. By contrast, the Advocate General advised that banks are not entitled to assert similar claims against consumers. Such an opinion is neither binding on the judges of the CJEU nor on the judges of national courts but is taken into consideration while undertaking the preliminary judgement by the CJEU. As the preliminary ruling is still outstanding and the interpretation of certain terms and judicial practice of Polish courts is unclear, also with respect to amounts currently re-claimed by banks, an assessment of the negative impact on RBI's foreign currency consumer loan portfolio is not possible at this point of time.

A significant inflow of new cases has been observed since the beginning of 2020 as a result of the CJEU preliminary ruling and of intensified marketing activity by law firms acting on behalf of borrowers. Such an increased inflow of new cases has not only been observed by RBI's Polish branch, but by all banks handling currency loan portfolios in Poland. Furthermore, Polish courts have approached the CJEU with requests for a preliminary ruling in other civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning foreign currency loans are decided by national Polish courts. The impact assessment in relation to affected FX-indexed or FX-denominated loan agreements may also be influenced by the outcome of ongoing administrative proceedings conducted by the President of the Office of Competition and Consumer Protection (UOKiK) against RBI's Polish branch. Such administrative proceedings are, inter alia, based on the alleged practice of infringing collective consumer interests as well as on the classification of clauses in standard agreements as unfair. As at this point of time, it is uncertain what the potential impact of said proceedings could be on FX-indexed or FX-denominated loan agreements and RBI. Furthermore, such proceedings have resulted in and could result in the imposition of administrative fines on RBI's Polish branch – and in the event of appeals – in administrative court proceedings. Moreover, the Polish Financial Ombudsman, acting on behalf of two borrowers, has initiated a civil proceeding against RBI alleging employment of unfair commercial practices towards consumers in respect of a case in which RBI – following the annulment of a loan agreement – claimed the full loan amount originally disbursed without taking into account repayments made in the meantime as well as amounts due for the use of capital by the borrowers based on the principle of unjust enrichment, and has demanded that RBI discontinue such practices.

RBI has recognized a provision for the lawsuits filed in Poland. As lawsuits have been filed by a number of customers, the provision is based on a statistical approach that takes into account both statistical data, where relevant, and expert opinions. In this chapter, the term provision includes provisions according to IFRS 9 as well as provisions according to IAS 37. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or are expected to file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The financial impacts of the individual scenarios are weighted on the basis of expert opinions. The resulting provision has been increased to € 853 million (previous year: € 803 million). The main uncertainties associated with the calculation of the provision relate to a potentially higher number of claims and an increase in the probability of losing the court cases.

Romania

In October 2017, the consumer protection authority (ANPC) issued an order for RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest (RBRO), to stop its alleged practice of not informing its customers about future changes in the interest rate charged to the customers. The order did not expressly provide for any direct monetary restitution or payment from RBRO. RBRO, disputed this order in court but finally lost. In September 2022, the decision was rendered in writing. After first discussions with ANPC and in accordance with an external legal opinion, RBRO has issued new repayment schedules and has started to repay certain amounts and related legal interest to affected customers. However, given ongoing discussions with ANPC, current uncertainties and lack of indications from the court as to the interpretation of its decision, the exact negative financial impact is still to be determined. A provision of € 4 million (previous year: € 13 million) has been recognized.

Furthermore, RBRO, is involved in a number of lawsuits, some of them class actions, as well as administrative proceedings pursued by ANPC, in particular in connection with consumer loans and current account contracts. The proceedings are mainly based on the allegation that certain contractual provisions and practices applied by RBRO violate consumer protection laws and regulations. Such proceedings may result in administrative fines, the invalidation of clauses in agreements and the reimbursement of certain fees or parts of interest payments charged to customers in the past.

Regulatory enforcement

Following an audit review by the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (formerly Raiffeisen Banca pentru Locuinte S.A.), (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by RBL of state premiums on savings had not been met. Thus, allegedly, such premiums may have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL would be held liable for the payment of such funds. RBL initiated court proceedings to contest the findings of the Romanian Court of Auditors and won on the merits regarding the most significant alleged deficiencies. The case was appealed at the Romanian High Court of Cassation and Justice. In November 2020, the Romanian High Court of Cassation and Justice overturned the previous court decision and confirmed the view of the Romanian Court of Auditors. Upon the application of RBL, the Romanian High Court of Cassation and Justice requested the Constitutional Court to decide whether the Court of Auditors was, in principle, entitled to scrutinize RBL. The proceeding is still pending and could – depending on its outcome – enable RBL to file an extraordinary recourse against the decision of the Romanian High Court of Cassation and Justice. At the end of June 2022, RBL took advantage of a legal provision allowing entities to pay debts towards the state (principal - respectively the state premiums) and be exonerated from payment of accessories (penalty interest). RBL has paid the principal of € 23 million and requested to be exonerated to pay accessories of € 30 million. In July 2022, the Ministry of Development, Public Works and Administration (Ministry) rejected RBL's request for exoneration. RBL has disputed this decision in court. In December 2022, the Ministry has issued a title and asked RBL to pay also the penalties within 30 days. RBL disputed the payment request both at the ministry level and in court, and also filed a motion in court, to ask for a suspension of the payment request, given that RBL considers that the amnesty should have been granted and therefore, RBL should be exonerated from payment of penalties. The suspension was granted by the court. However, the Ministry can file a recourse against this decision. If the recourse of the Ministry (if any) is not successful, the suspension is valid until a decision will be made by the court in the dispute against the payment request itself.

In September 2018, two administrative fines totaling PLN 55 million (€ 12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role of liquidator of certain funds in February 2018. According to the interpretation of the Polish Financial Supervision Authority – which is known by its Polish abbreviation, KNF – RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of the core banking operations of RBPL to Bank BGZ BNP Paribas S.A., the responsibility for said administrative proceedings and related fines was assumed by RBI. RBI filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million (€ 1 million) fine regarding RBPL's duties as depositary bank, the Voivodship Administrative Court considered RBI's appeal and overturned the KNF's decision in its entirety. However, the KNF filed an appeal in cassation against the judgement. In relation to the PLN 50 million (€ 11 million) fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss the appeal and uphold the KNF decision in its entirety. RBI has raised appeal in cassation to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties. In April 2023, the Supreme Administrative Court decided to refer the case regarding the PLN 5 million (€ 1 million) fine back to the Voivodship Administrative Court for reconsideration. Furthermore, the Supreme Administrative Court dismissed RBI's appeal in cassation in connection with the PLN 50 million (€ 11 million) fine which is now final. Both fines have already been paid.

In this context, several individual lawsuits and four class actions, aggregating claims of holders of certificates in the above-mentioned investment funds currently in liquidation, were filed against RBI, whereby the total amount in dispute as at 31 March 2023 equals approximately PLN 69.3 million (€ 15 million). Additionally, RBI was informed that a modification of a statement of claim had been submitted to the court which could result in an increase of the total amount in dispute by approximately PLN 91 million (€ 19 million). However, such modification has not yet been served upon RBI. The plaintiffs of the class actions demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL (in respect of which RBI is the legal successor) as custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits.

Additionally, RBI received a number of claim notices from BNP in connection with certain bank operations in respect of which BNP is the legal successor to RBPL. Said claim notices primarily relate to administrative proceedings conducted by the KNF (Polish Financial Supervision Authority) in connection with alleged failures of RBPL/BNP in acting as a depositary of investment funds and could lead to cash penalties. Furthermore, claims in this context have been raised by investors to BNP, and as a mitigating measure RBI supports BNP in this regard.

In January 2023, RBI was informed by FMA that an administrative proceeding has been started based on the alleged non-compliance with certain legal requirements regarding the know-your-customer principle in connection with three customers of RBI's correspondent banking business. The transactions relevant for the administrative proceedings had been processed by RBI between 2017 and 2020. According to the interpretation of FMA, RBI had not sufficiently convinced itself that these banks had appropriate due diligence procedures in place regarding customers of their own correspondent banking business. Thus, in the view of FMA, RBI failed to fully comply with its administrative obligations in this regard. FMA did not state that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. The administrative proceeding is ongoing and might lead to administrative fines.

In January 2023, RBI received a Request for Information (RFI) by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury. OFAC administers and enforces economic and trade sanctions based on US foreign policy and national security goals. A breach of US sanctions may, among others, result in fines, the freezing of accounts or the termination of business relationships with US correspondent banks. The questions raised by OFAC in the RFI are seeking to clarify payments business and related processes maintained by RBI with US correspondent banks in light of the developments related to Russia and Ukraine. As a matter of principle, RBI maintains policies and procedures that ensure compliance with applicable embargoes and financial sanctions and is cooperating fully with OFAC in relation to their request to the extent permitted by applicable laws and regulations.

(38) Related parties

The main companies exercising a significant influence are Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, as the largest single shareholder, its parent company, Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, and their fully consolidated subsidiaries. The amounts shown under affiliated companies relate to affiliated companies that are not consolidated due to immateriality.

Transactions with related parties (companies and individuals) are limited to banking business transactions that are carried out at fair market conditions. Moreover, members of the Management Board hold shares in RBI AG. Detailed information regarding this is published on the homepage of Raiffeisen Bank International.

31/3/2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**76**	**418**	**1,082**	**1,737**
Equity instruments	1	184	545	177
Debt securities	34	0	199	68
Loans and advances	41	234	338	1,492
Selected financial liabilities	**2,136**	**94**	**4,907**	**1,536**
Deposits	2,136	94	4,901	1,536
Debt securities issued	0	0	6	0
Other items	**119**	**3**	**512**	**145**
Loan commitments, financial guarantees and other commitments given	66	3	494	139
Loan commitments, financial guarantees and other commitments received	54	0	18	6
Nominal amount of derivatives	136	0	83	1,212
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(1)	0	0

31/12/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**45**	**429**	**1,006**	**887**
Equity instruments	1	193	520	168
Debt securities	35	0	194	68
Loans and advances	9	236	292	651
Selected financial liabilities	**2,327**	**105**	**5,048**	**1,613**
Deposits	2,327	105	5,041	1,613
Debt securities issued	0	0	6	0
Other items	**152**	**13**	**563**	**146**
Loan commitments, financial guarantees and other commitments given	99	13	531	140
Loan commitments, financial guarantees and other commitments received	52	0	32	6
Nominal amount of derivatives	221	0	120	1,254
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(2)	0	0

1/1-31/3/2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	1	2	4	1
Interest expenses	(12)	0	(23)	(12)
Dividend income	0	0	4	0
Fee and commission income	1	5	3	2
Fee and commission expenses	(2)	0	(3)	(6)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	0	1	0

1/1-31/3/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	3	1	3	6
Interest expenses	(3)	0	(5)	(2)
Dividend income	0	0	5	(1)
Fee and commission income	1	3	3	1
Fee and commission expenses	0	0	(3)	(5)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(13)	0	0

(39) Staff

Full-time equivalents	1/1-31/3/2023	1/1-31/3/2022
Average number of staff	44,538	46,101
hereof salaried employees	43,919	45,541
hereof wage earners	619	560
Full-time equivalents	**31/3/2023**	**31/3/2022**
Employees as at reporting date	44,705	44,414
hereof Austria	4,645	4,585
hereof foreign	40,060	39,829

Regulatory information

(40) Capital management and total capital according to CRR/CRD IV and Austrian Banking Act (BWG)

RBI is subject to the minimum requirements in accordance with Article 92 CRR and the combined capital buffer requirement in accordance with the provisions of the BWG. For RBI, the combined capital buffer requirement currently includes a capital conservation buffer (§ 22 BWG), a systemic risk buffer (§ 23e BWG), a capital buffer for systemically important institutions (§ 23d BWG) and a countercyclical capital buffer (§ 23a BWG). A violation of the combined capital buffer requirement would potentially lead to restrictions on, for example, dividend distributions and coupon payments for certain capital instruments.

In addition, based on the Supervisory Review and Evaluation Process (SREP) carried out annually, ECB currently requires RBI to hold additional capital to cover those risks that are not or not adequately covered under Pillar 1. The so-called Pillar 2 Capital Requirement (P2R) of 2.58 per cent is calculated based on the bank's business model, risk management or individual capital situation, for example. Based on ECB's final decision, this requirement must be complied with only at the consolidated level of RBI. In addition, the ECB expects the Pillar 2 Guidance (P2G) of 1.25 per cent to also be adhered to at the consolidated level.

In principle, national supervisors can implement the systemic risk buffer (up to 3 per cent), the capital buffer for systemically important institutions (up to 3 per cent) and the countercyclical capital buffer (up to 2.5 per cent). The Financial Market Stability Board (FMSB), which is responsible in Austria, has recommended that the Austrian Financial Market Authority (FMA) prescribes a systemic risk buffer (SRB) for certain banks, including RBI. A capital buffer was also recommended for certain systemically important banks (O-SII), including RBI. Both buffers were put into force by the FMA via the Capital Buffer Regulation (Kapitalpuffer-Verordnung). For RBI, the SRB was set at 1 per cent and the O-SII at 1.25 per cent.

The determination of the countercyclical capital buffer is also the responsibility of national supervisors and results in a weighted average at RBI level based on the country distribution of the business. This buffer was set at 0 per cent in Austria. At its 36th meeting on 25 April 2023, the FMSB recommended that the countercyclical capital buffer be maintained further at 0 per cent. In addition, those buffer rates that have been set in other member states are included at RBI level and included in the capital requirements based on a weighted average calculation.

In total, there is a requirement for the CET1 ratio (including the combined capital buffer requirement) of 11.19 per cent for RBI as at 31 March 2023 and considering P2G, this means a quota of 12.44 per cent to be adhered to.

Any expected regulatory changes or developments are continuously monitored, presented, and analyzed in scenario calculations. Potential effects are considered in planning and control, provided that the extent and implementation are foreseeable.

Total capital

The following consolidated figures have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and other statutory provisions such as the Implementing Technical Standards (ITS) of the European Banking Authority (EBA).

in € million	31/3/2023	31/12/2022
Capital instruments and the related share premium accounts	5,991	5,991
Retained earnings	13,995	10,482
Accumulated other comprehensive income (and other reserves)	(4,227)	(3,974)
Minority interests (amount allowed in consolidated CET1)	673	607
Independently reviewed interim profits net of any foreseeable charge or dividend	209	3,337
Common equity tier 1 (CET1) capital before regulatory adjustments	**16,640**	**16,442**
Additional value adjustments (negative amount)	(95)	(93)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(636)	(605)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(20)	(23)
Fair value reserves related to gains or losses on cash flow hedges	29	51
Negative amounts resulting from the calculation of expected loss amounts	0	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(17)	(4)
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	(20)
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(36)	(30)
hereof: securitization positions (negative amount)	(36)	(30)
Other regulatory adjustments	(53)	(74)
Total regulatory adjustments to common equity tier 1 (CET1)	**(848)**	**(799)**
Common equity tier 1 (CET1) capital	**15,792**	**15,643**
Capital instruments and the related share premium accounts	1,675	1,675
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	42	34
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(33)**
Additional tier 1 (AT1) capital	**1,684**	**1,676**
Tier 1 capital (T1 = CET1 + AT1)	**17,477**	**17,319**
Capital instruments and the related share premium accounts	2,341	2,362
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	38	51
Credit risk adjustments	295	282
Total regulatory adjustments to Tier 2 (T2) capital	**(282)**	**(312)**
Tier 2 (T2) capital	**2,391**	**2,383**
Total capital (TC = T1 + T2)	**19,867**	**19,702**
Total risk-weighted assets (RWA)	**98,592**	**97,680**

Total capital requirement and risk-weighted assets

in € million	31/3/2023		31/12/2022	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**98,592**	**7,887**	**97,680**	**7,814**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**77,216**	**6,177**	**76,208**	**6,097**
Standardized approach (SA)	**28,113**	**2,249**	**29,196**	**2,336**
Exposure classes excluding securitization positions	28,113	2,249	29,196	2,336
Central governments or central banks	2,175	174	2,666	213
Regional governments or local authorities	125	10	128	10
Public sector entities	16	1	16	1
Multilateral development banks	392	31	0	0
Institutions	193	15	241	19
Corporates	7,046	564	7,274	582
Retail	6,233	499	6,823	546
Secured by mortgages on immovable property	6,298	504	6,461	517
Exposure in default	570	46	635	51
Items associated with particular high risk	228	18	233	19
Covered bonds	4	0	4	0
Collective investments undertakings (CIU)	79	6	66	5
Equity interests	1,560	125	1,537	123
Other items	3,196	256	3,112	249
Internal ratings based approach (IRB)	**49,103**	**3,928**	**47,012**	**3,761**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**40,315**	**3,225**	**38,960**	**3,117**
Central governments or central banks	4,013	321	2,657	213
Institutions	3,207	257	3,111	249
Corporates - SME	3,314	265	3,375	270
Corporates - Specialized lending	4,052	324	3,827	306
Corporates - Other	25,730	2,058	25,991	2,079
IRB approaches when own estimates of LGD and/or conversion factors are used	**8,122**	**650**	**7,302**	**584**
Retail - Secured by real estate SME	86	7	72	6
Retail - Secured by real estate non-SME	3,286	263	3,057	245
Retail - Qualifying revolving	572	46	423	34
Retail - Other SME	448	36	376	30
Retail - Other non-SME	3,730	298	3,374	270
Equity interests	376	30	409	33
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	290	23	341	27

in € million	31/3/2023 Risk-weighted exposure	31/3/2023 Capital requirement	31/12/2022 Risk-weighted exposure	31/12/2022 Capital requirement
Total risk exposure amount for settlement/delivery	**18**	**1**	**19**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	18	1	19	1
Total risk exposure amount for position, foreign exchange and commodities risk	**6,726**	**538**	**6,889**	**551**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**5,222**	**418**	**5,634**	**451**
Traded debt instruments	979	78	962	77
Equity interests	75	6	74	6
Particular approach for position risk in CIUs	2	0	1	0
Foreign exchange	4,146	332	4,591	367
Commodities	20	2	6	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,504**	**120**	**1,255**	**100**
Total risk exposure amount for operational risk	**12,752**	**1,020**	**12,667**	**1,013**
OpR standardized (STA) /alternative standardized (ASA) approaches	12,752	1,020	12,667	1,013
OpR advanced measurement approaches (AMA)	0	0	0	0
Total risk exposure amount for credit valuation adjustments	**278**	**22**	**280**	**22**
Standardized method	278	22	280	22
Total risk exposure amount related to large exposures in the trading book	**1,601**	**128**	**1,618**	**129**
Of which: Additional risk exposure amount due to Article 3 CRR	1,601	128	1,618	129

Regulatory capital ratios

in per cent	31/3/2023	31/12/2022
Common equity tier 1 ratio (transitional)	16.0 %	16.0 %
Common equity tier 1 ratio (fully loaded)	15.7 %	15.6 %
Tier 1 ratio (transitional)	17.7 %	17.7 %
Tier 1 ratio (fully loaded)	17.4 %	17.3 %
Total capital ratio (transitional)	20.2 %	20.2 %
Total capital ratio (fully loaded)	20.1 %	20.0 %

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR. As at 31 March 2023, there is a mandatory quantitative requirement of 3 per cent:

in € million	31/3/2023	31/12/2022
Leverage exposure	245,113	235,640
Tier 1	17,477	17,319
Leverage ratio in per cent (transitional)	**7.1 %**	**7.3 %**
Leverage ratio in per cent (fully loaded)	**7.0 %**	**7.1 %**

Events after the reporting date

There have been no significant events since the end of the reporting period.

Key figures

Alternative Performance Measures (APM)

The Group uses alternative performance measures in its financial reporting, not defined by IFRS or CRR regulations, to describe RBI Group's financial position and performance. These should not be viewed in isolation but treated as supplementary information.

These key figures are often used in the financial sector to analyze and describe the earnings and financial position. The special items used below to calculate some alternative performance measures arise from the nature of Group's business, i.e. that of a universal banking group. However, it is to mention that the definitions mostly vary between companies. Please find the definitions of these ratios below.

Consolidated return on equity – Consolidated profit less dividend on additional tier 1 capital in relation to average consolidated equity (i.e. the equity attributable to the shareholders of RBI). Average consolidated equity is based on month-end figures excluding non-controlling interests and does not include current year profit.

Cost/income ratio is an economic metric and shows the company's costs in relation to its income. The ratio gives a clear view of operational efficiency. Banks use the cost/income ratio as an efficiency measure for steering the bank and for easily comparing its efficiency with other financial institutions. General administrative expenses in relation to operating income (before impairment) are calculated for the cost/income ratio. General administrative expenses comprise staff expenses, other administrative expenses, and depreciation/amortization of intangible and tangible fixed assets. Operating income comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Effective tax rate (ETR) – Relation of income tax expense to profit before tax. The effective tax rate differs from the company's jurisdictional tax rate due to many accounting factors and enables a better comparison among companies. The effective tax rate of a company is the average rate at which its pre-tax profits are taxed. It is calculated by dividing total tax expense (income taxes) by profit before tax. Total tax expense includes current income taxes and deferred taxes.

Loan/deposit ratio is used to assess a bank's liquidity. It is calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households.

Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries and associates, tangible fixed assets, intangible fixed assets, tax assets and other assets).

NPE – Non-performing exposure. It contains all non-performing loans and debt securities according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPL – Non-performing loans. It contains all non-performing loans according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPE ratio is an economic ratio to demonstrate the proportion of non-performing loans and debt securities in relation to the entire loan portfolio of customers and banks, and debt securities. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPL ratio is an economic ratio to demonstrate the proportion of non-performing loans in relation to the entire loan portfolio to customers and banks. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPE coverage ratio describes to which extent non-performing loans and debt securities have been covered by impairments (Stage 3) thus expressing the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses on loans to customers and banks and on debt securities set in relation to non-performing loans to customers and banks and debt securities.

NPL coverage ratio describes to which extent non-performing loans have been covered by impairments (Stage 3) thus expressing the ability of a bank to absorb losses from its NPL. It is calculated with impairment losses on loans to customers and banks set in relation to non-performing loans to customers and banks.

Operating result is used to describe the operative performance of a bank for the reporting period. It consists of operating income less general administrative expenses.

Operating income – They are primarily income components of the ongoing business operations (before impairment). It comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Provisioning ratio is an indicator for development of risk costs and provisioning policy of an enterprise. It is computed by dividing impairment or reversal of impairment on financial assets (customer loans) by average customer loans.

Return on assets (ROA before/after tax) is a profitability ratio and measures how efficiently a company can manage its assets to produce profits during a period. It is computed by dividing profit before tax/after tax by average assets (based on total assets, average means the average of year-end figure and the relevant month´s figures).

Return on equity (ROE before/after tax) provides a profitability measure for both management and investors by expressing the profit for the period as presented in the income statement as a percentage of the respective underlying (either equity or total assets). Return on equity demonstrates the profitability of the bank on the capital invested by its shareholders and thus the success of their investment. Return on equity is a useful measure to easily compare the profitability of a bank with other financial institutions. Return on the total equity including non-controlling interests, i.e. profit before tax respectively after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

Return on risk-adjusted capital (RORAC) is a ratio of a risk-adjusted performance management and shows the yield on the risk-adjusted capital (economic capital). The return on risk-adjusted capital is computed by dividing consolidated profit by the risk-adjusted capital (i.e. average economic capital). This capital requirement is calculated within the economic capital model for credit, market, and operational risk.

Total capital specific key figures

Common equity tier 1 ratio – Common equity tier 1 as a percentage of total risk-weighted assets (RWA) according to CRR/CRD IV regulation.

Leverage ratio – The ratio of tier 1 capital to all exposures on and off the statement of financial position insofar as they are not deducted when determining the capital measurand. The calculation is in accordance with the methodology set out in CRD IV.

Total risk-weighted assets (RWA) – Risk-weighted assets (credit risk, CVA risk) including market risk and operational risk.

Tier 1 ratio – Tier 1 capital to total risk-weighted assets (RWA).

Total capital ratio – Total capital as a percentage of total risk-weighted assets (RWA).

List of abbreviations

BWG	Austrian Banking Act (Bankwesengesetz)
CDS	Credit Default Swap
CE	Central Europe
CEE	Central and Eastern Europe
CET 1	Common Equity Tier 1
CoE	Cost of Equity
CRR	Capital Requirements Regulation
DCF	Discounted Cash-Flow
EAD	Exposure at Default
EBA	European Banking Authority
ECL	Expected Credit Losses
EE	Eastern Europe
ECB	European Central Bank
ESAEG	Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz)
ESG	Environmental, Social and Governance
FMA	Financial Market Authority
FMSB	Financial Market Stability Board
GDP	Gross Domestic Product
HQLA	High Quality Liquid Assets
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards
IBOR	Interbank Offered Rate
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NPE	Non-Performing Exposure
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
PD	Past Due
PEPP	Pandemic Emergency Purchase Programme
POCI	Purchased or Originated Credit Impaired
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International Aktiengesellschaft
RWA	Risk-Weighted Assets
RORAC	Return on Risk Adjusted Capital
SA	Standardized Approach
SA-CCR	Standardized Approach to Counterparty Credit Risk
SEE	Southeastern Europe
SICR	Significant Increase in Credit Risk
SIRP	Special Interest Rate Period
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
UNEP FI	UN Environment Programme Finance Initiative
VaR	Value-at-Risk
WACC	Weighted Average Cost of Capital

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Editorial team: Group Investor Relations
Editorial deadline: 4 May 2023

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